As filed with the Securities and Exchange Commission on December 18, 2000

Registration No. 333-44900

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

____

AMENDMENT NO. 2 TO
FORM S-11
REGISTRATION STATEMENT
Under
The Securities Act of 1933

____

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

6200 The Corners Parkway, Suite 250
Norcross, Georgia 30092
(770) 449-7800

(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)

Donald Kennicott, Esq.
Michael K. Rafter, Esq.
Holland & Knight LLP
One Atlantic Center, Suite 2000
1201 West Peachtree Street, N.W.
Atlanta, Georgia 30309-3400
(404) 817-8500
(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Agent for Service)

____

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

____

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

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

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

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

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

____

CALCULATION OF REGISTRATION FEE

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

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

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

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

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

WELLS REAL ESTATE INVESTMENT TRUST, INC.

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

Wells Real Estate Investment Trust, Inc. (Wells REIT) is a real estate investment trust. We invest in commercial real estate properties primarily consisting of high grade office buildings which are leased to large corporate tenants. We currently own interests in 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.
- This offering will terminate on or before December 19, 2002.

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

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

WELLS INVESTMENT SECURITIES, INC.
December 20, 2000

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Questions and Answers About this Offering

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

Q: What is a REIT?

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

- pays dividends to investors of at least 95% of its taxable income each year for years prior to 2001 and 90% of its taxable income for all future years beginning with the year 2001;
- avoids the "double taxation" treatment of income that generally results from investments in a corporation because a REIT is not generally subject to federal corporate income taxes on its net income, provided certain income tax requirements are satisfied;
- combines the capital of many investors to acquire or provide financing for real estate properties; and
- offers the benefit of a diversified real estate portfolio under professional management.

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

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

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

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

Q: Who is Wells Capital?

A: Wells Capital is a Georgia corporation formed in 1984. As of September 30, 2000, Wells Capital had sponsored public real estate programs which have

raised in excess of $567,927,422 from approximately 32,868 investors and which own and operate a total of 52 commercial real estate properties.

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

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

estate programs sponsored by Wells Capital include The Coca-Cola Company, Motorola, Fairchild Technologies, Siemens Automotive, IBM, Dial Corporation and PricewaterhouseCoopers.

Q. Do you currently own any real estate properties?

A. Yes. As of the date of this prospectus, our REIT has acquired and owns interests in 26 real estate properties.

We own the following properties directly:

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

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

Tenant	Building Type	Location	Occupancy
Quest Software, Inc.	Office Building	Irvine, California	100%
Siemens Automotive Corporation	Office Building	Troy, Michigan	100%
Gartner Group, Inc.	Office Building	Ft. Myers, Florida	100%
Johnson Matthey, Inc.	Research and Development, Office and Warehouse Building	Tredyffrin Township, Pennsylvania	100%

Sprint Communications Company L.P.	Office Building	Leawood, Kansas	100%
EYBL CarTex, Inc.	Manufacturing and Office Building	Fountain Inn, South Carolina	100%

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

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

Q: Why do you acquire properties in joint ventures?

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

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

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

Q: What are the terms of your leases?

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

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

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

sole general partner of Wells OP.

Q: What is an "UPREIT"?

A: UPREIT stands for "Umbrella Partnership Real Estate Investment Trust." We use this structure because a sale of property directly to the REIT is generally a taxable transaction to the selling

property owner. In an UPREIT structure, a seller of a property who desires to defer taxable gain on the sale of his property may transfer the property to the UPREIT in exchange for limited partnership units in the UPREIT and defer taxation of gain until the seller later exchanges his UPREIT units on a one-for-one basis for REIT shares. If the REIT shares are publicly traded, the former property owner will achieve liquidity for his investment. Using an UPREIT structure gives us an advantage in acquiring desired properties from persons who may not otherwise sell their properties because of unfavorable tax results.

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

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

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

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

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

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

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

4/th/ Qtr. 2000 $0.19 per share 7.50%

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

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

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

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

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

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

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

We received approximately $132,181,919 in gross offering proceeds from the sale of 13,218,192 shares of common stock in our initial public offering, which commenced on January 30, 1998 and was terminated on December 19, 1999. Of the $132,181,919 raised in the initial offering, we invested a total of $111,032,812 in real estate properties. As of December 10, 2000, we had received approximately $169,671,659 in gross offering proceeds from the sale of 16,967,166 shares of common stock in our second offering, which commenced on December 20, 1999 and was terminated on December 19, 2000. Of this additional $169,671,659 raised in the second offering, we invested or expect to invest approximately $142,524,194 in real estate properties.

Q: What kind of offering is this?

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

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

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

Q: How long will this offering last?

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

Q: Who can buy shares?

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

Q: Is there any minimum investment required?

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

Q: How do I subscribe for shares?

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

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

A: At the time you purchase the shares, they will not be listed for trading on any national securities exchange or over-the-counter market. In fact, we expect that there will not be any public market for the shares when you

purchase them, and we cannot be sure if one will ever develop. As a result, you may find it difficult to find a buyer for your shares and realize a return on your investment. You may sell your shares to any buyer unless such sale would cause the buyer to own more than 9.8% of the outstanding stock. See "Description of Shares -- Restriction on Ownership of Shares."

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

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

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

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

- Leo F. Wells, III - President of the Wells REIT and founder of Wells Real Estate Funds in 1985 and has been involved in real estate sales, management and brokerage services for over 27 years;
- Douglas P. Williams - Executive Vice President, Secretary and Treasurer of the Wells REIT and former accounting executive at OneSource, Inc., a supplier of janitorial and landscape services;
- John L. Bell - Former owner and Chairman of Bell-Mann, Inc., the largest flooring contractor in the Southeast;
- Richard W. Carpenter - President and a director of Realmark Holdings Corp., a residential and commercial real estate developer;
- Bud Carter - Former broadcast news director and anchorman and current Senior Vice President for The Executive Committee, an organization established to aid corporate presidents and CEOs;
- William H. Keogler, Jr. - Founder and former executive officer and director of Keogler, Morgan & Company, Inc., a full service brokerage firm;
- Donald S. Moss - Former executive officer of Avon Products, Inc.;

- Walter W. Sessoms - Former executive officer of BellSouth Telecommunications, Inc.; and
- Neil H. Strickland - Founder of Strickland General Agency, Inc., a property and casualty general insurance agency concentrating on commercial customers.

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

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

- Four detailed quarterly dividend reports;
- Three quarterly financial reports;
- An annual report; and
- An annual IRS Form 1099.

Q: When will I get my detailed tax information?

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

Q: Who can help answer my questions?

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

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

Prospectus Summary

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

Wells Real Estate Investment Trust, Inc.

Wells Real Estate Investment Trust, Inc. is a REIT that owns net leased commercial real estate properties. We currently own interests in 26 commercial real estate properties located in 15 states. Our office is located at 6200 The Corners Parkway, Suite 250, Norcross, Georgia 30092. Our telephone number outside the State of Georgia is 800-448-1010 (770-449-7800 in Georgia). We refer to Wells Real Estate Investment Trust, Inc. as the Wells REIT in this prospectus.

Our Advisor

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

Our Management

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

annually by the shareholders.

Our REIT Status

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

Summary Risk Factors

Following are the most significant risks relating to your investment:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Description of Properties

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

Estimated Use of Proceeds of Offering

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

Investment Objectives

Our investment objectives are:

- to maximize cash dividends paid to you;

- to preserve, protect and return your capital contribution;

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

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

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

Conflicts of Interest

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

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

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

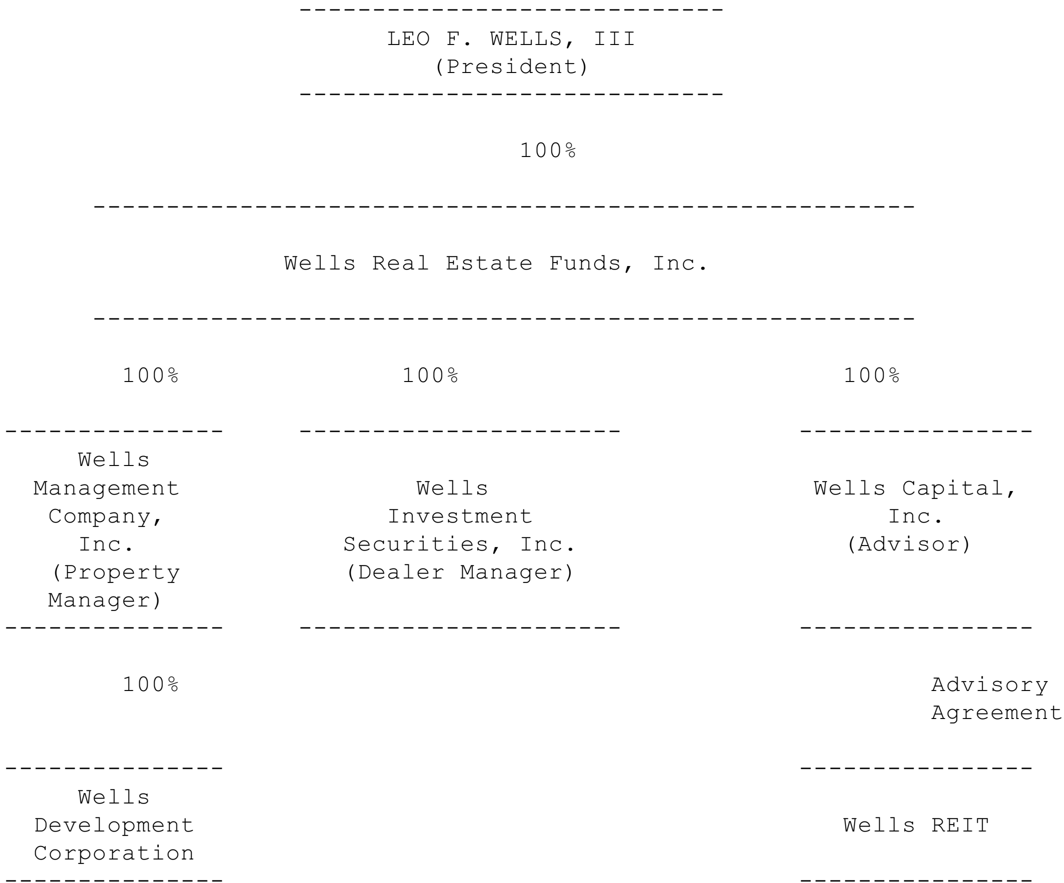
- Wells Capital may compete with other Wells programs for the same tenants in negotiating leases or in selling similar properties at the

same time; and

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

See the "Conflicts of Interest" section of this prospectus on page 51 for a detailed discussion of the various conflicts of interest relating to your investment, as well as the procedures that we have established to resolve a number of these potential conflicts.

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



Prior Offering Summary

Wells Capital and its affiliates have previously sponsored 13 publicly offered real estate limited partnerships and the Wells REIT on an unspecified property or "blind pool" basis. As of September 30, 2000, they have raised approximately $567,927,422 from approximately 36,868 investors in these 14 public real estate programs. The "Prior Performance Summary" on page 114 of this prospectus contains a discussion of the Wells programs sponsored to date. Certain statistical data relating to the Wells programs with investment objectives similar to ours is also provided in the "Prior Performance Tables" included at the end of this prospectus.

The Offering

We are offering up to 125,000,000 shares to the public at $10 per share. We are also offering up to 10,000,000 shares pursuant to our dividend reinvestment

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

Terms of the Offering

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

Compensation to Wells Capital

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

Type of Compensation	Form of Compensation	Estimated $$ Amount for Maximum Offering (135,000,000 shares)
	Offering Stage	
Sales Commissions	7.0% of gross offering proceeds	$94,500,000
Dealer Manager Fee	2.5% of gross offering proceeds	$33,750,000
Offering Expenses	3.0% of gross offering proceeds	$18,600,000
	Acquisition and Development Stage	
Acquisition and Advisory Fees	3.0% of gross offering proceeds	$40,500,000
Acquisition Expenses	0.5% of gross offering proceeds	$ 6,750,000
	Operational Stage	
Property Management and Leasing Fees	4.5% of gross revenues	N/A
Initial Lease-Up Fee for Newly Constructed Property	Competitive fee for geographic location of property based on a survey of brokers and agents (customarily equal to the first month's rent)	N/A
Real Estate Commission	3.0% of contract price for properties sold after investors receive a return of capital plus an 8.0% return on capital	N/A
Subordinated Participation in Net Sale Proceeds (Payable 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 143.

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.

(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

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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 L.L.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	Actual amounts are dependent upon results of operations and therefore cannot be determined at

	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).	the present time.
Real Estate Commissions - Wells Capital or its Affiliates	In connection with the sale of properties, an amount not exceeding the lesser of: (A) 50% of the reasonable, customary and competitive real estate brokerage commissions customarily paid for the sale of a comparable property in light of the size, type and location of the property, or (B) 3.0% of the contract price of each property sold, subordinated to distributions to investors from sale proceeds of an amount which, together with prior distributions to the investors, will equal (1) 100% of their capital contributions plus (2) an 8.0% annual cumulative, noncompounded return on their net capital contributions.	Actual amounts are dependent upon results of operations and therefore cannot be determined at the present time.
Subordinated Participation in Net Sale Proceeds - Wells Capital (3)	After investors have received a return of their net capital contributions and an 8.0% per year cumulative, noncompounded return, then Wells Capital is entitled to receive 10.0% of remaining net sale proceeds.	Actual amounts are dependent upon results of operations and therefore cannot be determined at the present time.

Subordinated Incentive Listing Fee - Wells Capital (4)(5)	Upon listing, a fee equal to 10.0% of the amount by which (1) the market value of the outstanding stock of the Wells REIT plus distributions paid by the Wells REIT prior to listing, exceeds (2) the sum of the total amount of capital raised from investors and the amount of cash flow necessary to generate an 8.0% per year cumulative, noncompounded return to investors.	Actual amounts are dependent upon results of operations and therefore cannot be determined at the present time.

The Wells REIT may not reimburse any entity for operating expenses in excess of the greater of 2% of our average invested assets or 25% of our net income for the year.

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(Footnotes to "Management Compensation")

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

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

3. The subordinated participation in net sale proceeds and the subordinated incentive listing fee to be received by Wells Capital are mutually exclusive of each other. In the event that the Wells REIT becomes listed

and Wells Capital receives the subordinated incentive listing fee prior to its receipt of the subordinated participation in net sale proceeds, Wells Capital shall not be entitled to any such participation in net sale proceeds.

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

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

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

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

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

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

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

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

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

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

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

In addition, Wells Capital and its affiliates will be reimbursed only for the actual cost of goods, services and materials used for or by the Wells REIT. Wells Capital may be reimbursed for the administrative services necessary to the prudent operation of the Wells REIT provided that the reimbursement shall be at the lower of the advisor's actual cost or the amount the Wells REIT would be required to pay to independent parties for comparable administrative services in the same geographic location. We will not reimburse Wells Capital or its affiliates for services for which they are entitled to compensation by way of a separate fee.

Since Wells Capital and its affiliates are entitled to differing levels of compensation for undertaking different transactions on behalf of the Wells REIT such as the property management fees for operating the properties and the subordinated participation in net sale proceeds, the advisor has the ability to

affect the nature of the compensation it receives by undertaking different transactions. However, Wells Capital is obligated to exercise good faith and integrity in all its dealings with respect to our affairs pursuant to the advisory agreement. (See "Management -- The Advisory Agreement.") Because these fees or expenses are payable only with respect to certain transactions or services, they may not be recovered by Wells Capital or its affiliates by reclassifying them under a different category.

Stock Ownership

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

	Shares Beneficially Owned	
	Shares	Percentage
Name and Address of Beneficial Owner		
Leo F. Wells, III (1) 6200 The Corners Parkway, Suite 250 Norcross, GA 30092	344	*
Douglas P. Williams (1) 6200 The Corners Parkway, Suite 250 Norcross, GA 30092	100	*
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	2,083,333	7.96%

908 Coleman A. Young Municipal Center Detroit, MI 48226		
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.

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

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

1. Wells Real Estate Fund I (Wells Fund I),
2. Wells Real Estate Fund II (Wells Fund II),
3. Wells Real Estate Fund II-OW (Wells Fund II-OW),
4. Wells Real Estate Fund III, L.P. (Wells Fund III),
5. Wells Real Estate Fund IV, L.P. (Wells Fund IV),
6. Wells Real Estate Fund V, L.P. (Wells Fund V),
7. Wells Real Estate Fund VI, L.P. (Wells Fund VI),
8. Wells Real Estate Fund VII, L.P. (Wells Fund VII),

9. Wells Real Estate Fund VIII, L.P. (Wells Fund VIII),
10. Wells Real Estate Fund IX, L.P. (Wells Fund IX),
11. Wells Real Estate Fund X, L.P. (Wells Fund X),
12. Wells Real Estate Fund XI, L.P. (Wells Fund XI), and
13. Wells Real Estate Fund XII, L.P. (Wells Fund XII)

In the event that the Wells REIT, or any other Wells program or other entity formed or managed by Wells Capital or its affiliates is in the market for similar properties, Wells Capital will review the

investment portfolio of each such affiliated entity prior to making a decision as to which Wells program will purchase such properties. (See "Certain Conflict Resolution Procedures.")

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

Other Activities of Wells Capital and its Affiliates

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

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

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

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

Competition

Conflicts of interest will exist to the extent that we may acquire properties in the same geographic areas where properties owned by other Wells programs are located. In such a case, a conflict could arise in the leasing of properties in the event that the Wells REIT and another Wells program were to

compete for the same tenants in negotiating leases, or a conflict could arise in connection with the resale of properties in the event that the Wells REIT and another Wells program were to attempt to sell similar properties at the same time. (See "Risk Factors -- Investment Risks"). Conflicts of interest may also exist at such time as the Wells REIT or our affiliates managing property on our behalf seek to employ developers, contractors or building managers as well as under other circumstances. Wells Capital will seek to reduce conflicts relating to the employment of developers, contractors or building managers by making prospective employees aware of all such properties seeking to employ such persons. In

addition, Wells Capital will seek to reduce conflicts which may arise with respect to properties available for sale or rent by making prospective purchasers or tenants aware of all such properties. However, these conflicts cannot be fully avoided in that Wells Capital may establish differing compensation arrangements for employees at different properties or differing terms for resales or leasing of the various properties.

Affiliated Dealer Manager

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

Affiliated Property Manager

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

Lack of Separate Representation

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

Joint Ventures with Affiliates of Wells Capital

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

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

A transaction involving the purchase and sale of properties may result

in the receipt of commissions, fees and other compensation by Wells Capital and its affiliates, including acquisition and advisory fees, the dealer manager fee, property management and leasing fees, real estate brokerage commissions, and participation in nonliquidating net sale proceeds. However, the fees and compensation payable to Wells Capital and its affiliates relating to the sale of properties are subordinated to the return to the shareholders of their capital contributions plus cumulative returns on such capital. Subject to oversight by the board of directors, Wells Capital has considerable discretion with respect to all decisions

relating to the terms and timing of all transactions. Therefore, Wells Capital may have conflicts of interest concerning certain actions taken on our behalf, particularly due to the fact that such fees will generally be payable to Wells Capital and its affiliates regardless of the quality of the properties acquired or the services provided to the Wells REIT. (See "Management Compensation.")

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

Certain Conflict Resolution Procedures

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

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

- We will not purchase or lease properties in which Wells Capital or its affiliates has an interest without a determination by a majority of the directors, including a majority of the independent directors, not otherwise interested in such transaction, that such transaction is competitive and commercially reasonable to the Wells REIT and at a price to the Wells REIT no greater than the cost of the property to Wells Capital or its affiliates unless there is substantial justification for any amount that exceeds such cost and such excess amount is determined to be reasonable. In no event will we acquire any such property at an amount in excess of its appraised value. We will not sell or lease properties to Wells Capital or its affiliates or to our directors unless a majority of the directors, including a majority of the independent directors, not otherwise interested in the transaction, determine the transaction is fair and reasonable to the Wells REIT.

- We will not make any loans to Wells Capital or its affiliates or to our directors. In addition, Wells Capital and its affiliates will not make loans to us or to joint ventures in which we are a joint venture partner for the purpose of acquiring properties. Any loans made to us by Wells Capital or

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

- In the event that an investment opportunity becomes available which is suitable, under all of the factors considered by Wells Capital, for the Wells REIT and one or more other public or private entities affiliated with Wells Capital and its affiliates, then the entity which has had the longest period of time elapse since it was offered an investment opportunity will first be offered such investment opportunity. In determining whether or not an investment opportunity is suitable for more than one program, Wells Capital, subject to approval by the board of directors, shall examine, among others, the following factors:
  - the cash requirements of each program;
  - the effect of the acquisition both on diversification of each program's investments by type of commercial property and geographic area, and on diversification of the tenants of its properties;
  - the policy of each program relating to leverage of properties;
  - the anticipated cash flow of each program;
  - the income tax effects of the purchase of each program;
  - the size of the investment; and
  - the amount of funds available to each program and the length of time such funds have been available for investment.

If a subsequent development, such as a delay in the closing of a property or a delay in the construction of a property, causes any such investment, in the opinion of our board of directors and Wells Capital, to be more appropriate for a program other than the program that committed to make the investment, Wells Capital may determine that another program affiliated with Wells Capital or its affiliates will make the investment. Our board of directors has a duty to ensure that the method used by Wells Capital for the allocation of the acquisition of properties by two or more affiliated programs seeking to acquire similar types of properties shall be reasonable.

Investment Objectives and Criteria

General

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

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

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

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

Acquisition and Investment Policies

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

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

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

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

Our investment in real estate generally will take the form of holding fee title or a long-term leasehold estate. We will acquire such interests either directly in Wells OP (See "The Operating Partnership Agreement") or indirectly through limited liability companies or through investments in joint ventures,

general partnerships, co-tenancies or other co-ownership arrangements with the developers of the properties, affiliates of Wells Capital or other persons. (See "Joint Venture Investments" below.) In addition, we may purchase properties and lease them back to the sellers of such properties. While we will use our best efforts to structure any such sale-leaseback transaction such that the lease will be characterized as a "true lease" so that we will be treated as the owner of the property for federal income tax purposes, we cannot assure you that the IRS will not challenge such characterization. In the event that any such sale-leaseback transaction is recharacterized as a financing transaction for federal income tax purposes, deductions for depreciation and cost recovery relating to such property would be disallowed. (See "Federal Income Tax Considerations -- Sale-Leaseback Transactions.")

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

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

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

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

- plans and specifications;
- environmental reports;
- surveys;
- evidence of marketable title subject to such liens and encumbrances as are acceptable to Wells Capital;
- audited financial statements covering recent operations of properties having operating histories unless such statements are not required to be filed with the Securities and Exchange Commission and delivered to shareholders; and
- title and liability insurance policies.

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

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

In determining whether to purchase a particular property, we may, in accordance with customary practices, obtain an option on such property. The amount paid for an option, if any, is normally surrendered if the property is

not purchased and is normally credited against the purchase price if the property is purchased.

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

- changes in general economic or local conditions;
- changes in supply of or demand for similar or competing properties in an area;

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

Development and Construction of Properties

We may invest substantially all of the proceeds available for investment in properties on which improvements are to be constructed or completed although we may not invest in excess of 10% of the offering proceeds available for investment in properties which are not expected to produce income within two years of their acquisition. To help ensure performance by the builders of properties which are under construction, completion of properties under construction shall be guaranteed at the price contracted either by an adequate completion bond or performance bond. Wells Capital may rely upon the substantial net worth of the contractor or developer or a personal guarantee accompanied by financial statements showing a substantial net worth provided by an affiliate of the person entering into the construction or development contract as an alternative to a completion bond or performance bond. Development of real estate properties is subject to risks relating to a builder's ability to control construction costs or to build in conformity with plans, specifications and timetables. (See "Risk Factors -- Real Estate Risks.")

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

Acquisition of Properties from Wells Development Corporation

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

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

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

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

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

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

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

We anticipate that Wells Development will use the earnest money deposit received from the Wells REIT upon execution of a purchase contract as partial payment for the cost of the acquisition of the land and construction expenditures. Wells Development will borrow the remaining funds necessary to complete the development of the property from an independent commercial bank or other institutional lender by pledging the real property, development contracts, leases and all other contract rights relating to the project as security for such borrowing. Our contract with Wells Development will require it to deliver to us at closing title to the property, as well as an assignment of leases. Wells Development will hold the title to the property on a temporary basis only for the purpose of facilitating the acquisition and development of the property prior to its resale to the Wells REIT and other affiliates of Wells Capital.

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

- Wells Development completes the development of the improvements in accordance with the specifications of the contract, and an approved tenant takes possession of the

building under a lease satisfactory to our advisor; and

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

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

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

Terms of Leases and Tenant Creditworthiness

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

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

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

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

Joint Venture Investments

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

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

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

- a majority of our directors, including a majority of the independent directors, approve the transaction as being fair and reasonable to the Wells REIT;
- the investment by the Wells REIT and such affiliate are on substantially the same terms and conditions; and
- we will have a right of first refusal to buy if such co-venturer elects to sell its interest in the property held by the joint venture.

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

Borrowing Policies

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

existing loans and the outstanding loan balances.

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

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

Cash Flows From Operating Activities

Net cash provided by operating activities was $4,737,973 for the nine months ended September 30, 2000 and $2,273,102 for the nine months ended September 30, 1999. The increase in net cash provided by operating activities was due primarily to the purchase of additional properties in late 1999 and 2000.

Cash Flows From Investing Activities

The increase in net cash used in investing activities from $75,420,671 for the nine months ended September 30, 1999 to $113,424,119 for the nine months

ended September 30, 2000 was due primarily to the raising of additional capital and funds that have been invested in real property acquisitions.

Cash Flows From Financing Activities

The increase in net cash provided by financing activities from $68,018,429 for the nine months ended September 30, 1999 to $118,013,503 for the nine months ended September 30, 2000 was due primarily to the raising of additional capital and the corresponding increase in funds borrowed to purchase additional properties. We raised $127,695,243 in offering proceeds for the nine months ended September 30, 2000, as compared to $76,927,944 for the nine months ended September 30, 1999. In addition, we received loan proceeds from financing secured by properties of $67,883,130 and repaid notes payable in the amount of $52,903,328 for the nine months ended September 30, 2000.

Results of Operations

As of September 30, 2000, our real estate properties were 100% occupied by tenants. Gross revenues for the nine months ended September 30, 1999 and for the nine months ended September 30, 2000 were $3,996,290 and $15,734,638, respectively. This increase in revenues was due to the purchase of additional properties during late 1999 and 2000. The purchase of interests in additional properties also resulted in an increase in operating expenses, management and leasing fees, and depreciation expense. Our net income increased to $5,737,537 for the first nine months of 2000 as compared to $2,272,432 for the first nine months of 1999.

Subsequent Events

On November 1, 2000, Wells OP acquired a three-story 236,710 square foot office building (Motorola Plainfield Building) located at Durham Avenue on Interstate 287 in South Plainfield, New Jersey for a purchase price of $33,648,156, plus closing costs of $105,225. The Motorola Plainfield Building is 100% leased to Motorola, Inc. (See "Description of Properties -- The Motorola Plainfield Building.")

Property Operations

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

The Alstom Power Knoxville Building (formerly the ABB Knoxville Building)/ The IX-X-XI-REIT Joint Venture

	Three Months Ended		Nine Months Ended	
	Sept. 30, 2000	Sept. 30, 1999	Sept. 30, 2000	Sept. 30, 1999
Revenues:				
Rental income	$ 288,969	$ 261,986	$ 895,551	$ 784,065
Interest income	19,871	15,024	53,575	46,765
	308,840	277,010	949,126	830,830
Expenses:				
Depreciation	98,454	135,499	295,362	403,699
Management and leasing expenses	36,277	32,260	112,232	93,666
Other operating expenses	(26,544)	(17,097)	(69,178)	(13,390)
	108,187	150,662	338,416	483,975
Net income	$ 200,653	$ 126,348	$ 610,710	$ 346,855
Occupied percentage	100%	98.28%	100%	98.28%
Our ownership percentage	3.71%	3.74%	3.71%	3.74%

Cash distributed to the Wells REIT	$ 11,074	$ 9,855	$ 33,513	$ 28,263
Net income allocated to the Wells REIT	$ 7,451	$ 4,721	$ 22,700	$ 13,043

Rental income increased in 2000, over 1999, due primarily to the increased occupancy level of the property. Total expenses decreased due to a decrease in depreciation expense. This decrease resulted from an accelerated depreciation on tenant improvements for a short-term lease in 1999 for 23,092 square feet. Other operating expenses are negative due to an offset of tenant reimbursements in operating costs, as well as management and leasing fee reimbursements. Tenants are billed an estimated amount for the current year common area maintenance (CAM) which is then reconciled the following year and the difference billed to the tenant. Net income and cash distributions increased in 2000, over 1999, due to a combination of increased rental income and decreased operating expenses.

Our ownership percentage interest in the IX-X-XI-REIT Joint Venture decreased slightly due to additional capital contributions made by Wells Fund IX and Wells Fund X, respectively, to the IX-X-XI-REIT Joint Venture in the first and second quarters of 2000 for funding of capital improvements.

The Ohmeda Building/The IX-X-XI-REIT Joint Venture

	Three Months Ended		Nine Months Ended	
	Sept. 30, 2000	Sept. 30, 1999	Sept. 30, 2000	Sept. 30, 1999
Revenues:				
Rental income	$ 256,829	$ 256,829	$ 770,486	$ 770,486
Expenses:				
Depreciation	81,576	81,576	244,728	244,728
Management and leasing expenses	12,826	11,618	41,656	35,293
Other operating expenses	(7,585)	3,899	73,410	(188)
	86,817	97,093	359,794	279,833
Net income	$ 170,012	$ 159,736	$ 410,692	$ 490,653

Occupied percentage	100%	100%	100%	100%
Our ownership percentage	3.71%	3.74%	3.71%	3.74%
Cash distributed to the Wells REIT	$ 9,130	$ 8,804	$ 23,726	$ 26,992
Net income allocated to the Wells REIT	$ 6,312	$ 5,969	$ 15,265	$ 18,438

Net income decreased in 2000, as compared to 1999, due to an overall increase in expenses. Operating expenses increased significantly due, in part, to a significant rise in real estate taxes, which resulted from the revaluation of the property by Boulder County authorities in 1999. A later reduction in taxes resulting from an appeal in 2000 was offset by a CAM credit to the tenant.

Rental income remained stable for the three months ended September 30, 2000, as compared to the same period in 1999. Total expenses decreased for the

three month period ended September 30, 2000, as compared to the same period for 1999, due largely to other operating expenses being negative. This was due to an offset of tenant reimbursements in operating costs, as well as management and leasing fee reimbursements. Cash distributions and net income allocated to the Wells REIT for the three month period ended September 30, 2000 increased slightly as compared to 1999.

The Interlocken Building/The IX-X-XI-REIT Joint Venture

	Three Months Ended		Nine Months Ended	
	Sept. 30, 2000	Sept. 30, 1999	Sept. 30, 2000	Sept. 30, 1999
Revenues:				
Rental income	$ 207,454	$ 207,791	$ 635,898	$ 622,070
Expenses:				
Depreciation	71,670	71,670	215,010	215,010
Management and leasing expenses	27,019	18,899	83,736	54,518
Other operating costs	(2,165)	(5,291)	(54,699)	5,342
	96,524	85,278	244,047	274,870
Net income	$ 110,930	$ 122,513	$ 391,851	$ 347,200
Occupied percentage	100%	100%	100%	100%
Our ownership percentage	3.71%	3.74%	3.71%	3.74%
Cash distributed to the Wells REIT	$ 6,800	$ 7,200	$ 22,679	$ 20,952
Net income allocated to the Wells REIT	$ 4,119	$ 4,578	$ 14,566	$ 13,041

Rental income increased due to a tenant occupying additional space previously leased to another tenant at a lower rate. Other operating expenses are negative due to an offset of tenant reimbursements in operating costs, as well as management and leasing fee reimbursements. Tenants are billed an estimated amount for current year CAM which is then reconciled the following year and the difference billed to the tenants. Due to these CAM reimbursements, management and leasing fees increased since these fees are charged based on actual receipts.

Cash distributions and net income allocated to the Wells REIT for the quarter ended September 30, 2000 decreased in 2000, as compared to 1999, due to a decrease in net income.

The Avaya Building (formerly the Lucent Technologies Building)/
The IX-X-XI-REIT Joint Venture

	Three Months Ended		Nine Months Ended	
	Sept. 30, 2000	Sept. 30, 1999	Sept. 30, 2000	Sept. 30, 1999
Revenues:				
Rental income	$ 145,752	$ 145,752	$ 437,256	$ 437,256
Expenses:				
Depreciation	45,801	45,801	137,403	137,403
Management and leasing expenses	5,369	5,370	16,109	16,109
Other operating expenses	1,669	1,766	9,688	13,964
	52,839	52,937	163,200	167,476

Net income	$ 92,913	$ 92,815	$ 274,056	$ 269,780
Occupied percentage	100%	100%	100%	100%
Our ownership percentage	3.71%	3.74%	3.71%	3.74%
Cash distributed to the Wells REIT	$ 4,723	$ 4,750	$ 14,048	$ 14,006
Net income allocated to the Wells REIT	$ 3,450	$ 3,468	$ 10,187	$ 10,140

Rental income, depreciation, and management and leasing expenses remained stable in 2000, as compared to 1999, while other operating expenses were slightly lower, due primarily to a one-time charge for consulting fees in 1999 which did not occur in 2000.

On September 30, 2000, Lucent Technologies, Inc. assigned its interest in the lease as tenant to Avaya, Inc., the former Enterprise Networks Group of Lucent Technologies.

The Iomega Building/The IX-X-XI-REIT Joint Venture

	Three Months Ended		Nine Months Ended	
	Sept. 30, 2000	Sept. 30, 1999	Sept. 30, 2000	Sept. 30, 1999
Revenues:				
Rental income	$ 168,250	$ 150,009	$ 504,750	$ 397,755
Expenses:				
Depreciation	55,062	48,495	165,186	145,485
Management and leasing expenses	7,319	8,291	21,879	17,629
Other operating expenses	2,253	1,290	12,620	3,815
	64,634	58,076	199,685	166,929
Net income	$ 103,616	$ 91,933	$ 305,065	$ 230,826
Occupied percentage	100%	100%	100%	100%
Our ownership percentage	3.71%	3.74%	3.71%	3.74%
Cash distributed to the Wells REIT	$ 5,713	$ 5,103	$ 16,940	$ 13,702
Net income allocated to the Wells REIT	$ 3,848	$ 3,435	$ 11,339	$ 8,672

Rental income increased in 2000, as compared to 1999, due to the completion of the parking lot complex in the second quarter of 1999. Total expenses increased in 2000, over 1999, due to an increase in depreciation and real estate tax expenses relating to the new parking lot. Cash distributions increased in 2000, over 1999, due primarily to the increase in net income.

The Cort Furniture Building/The Cort Joint Venture

	Three Months Ended		Nine Months Ended	
	Sept. 30, 2000	Sept. 30, 1999	Sept. 30, 2000	Sept. 30, 1999
Revenues:				
Rental income	$ 198,885	$ 198,885	$ 596,656	$ 596,656

Expenses:				
Depreciation	46,641	46,641	139,923	139,923
Management and leasing expenses	8,701	7,590	23,881	22,770
Other operating expenses	6,445	5,993	10,375	19,446
	61,787	60,224	174,179	182,139
Net income	$ 137,098	$ 138,661	$ 422,477	$ 414,517
Occupied percentage	100%	100%	100%	100%
Our ownership percentage	43.7%	43.7%	43.7%	43.7%
Cash distributed to the Wells REIT	$ 76,243	$ 76,926	$ 233,613	$ 230,137
Net income allocated to the Wells REIT	$ 59,867	$ 60,550	$ 184,484	$ 181,008

Rental income, depreciation, and management and leasing expenses remained stable in 2000, as compared to 1999, while other operating expenses are lower due to common area maintenance (CAM) reimbursements billed in 2000 to the tenants. Tenants are billed an estimated amount for CAM which is then reconciled the following year, and the difference is billed to the tenant. No CAM was charged to the tenant in 1999.

The Fairchild Building/The Fremont Joint Venture

	Three Months Ended		Nine Months Ended	
	Sept. 30, 2000	Sept. 30, 1999	Sept. 30, 2000	Sept. 30, 1999
Revenues:				
Rental income	$ 225,195	$ 225,210	$ 675,585	$ 675,631
Expenses:				
Depreciation	71,382	71,382	214,146	214,146
Management and leasing expenses	9,175	9,303	27,525	27,970
Other operating expenses	3,244	6,457	9,856	13,772
	83,801	87,142	251,527	255,888
Net income	$ 141,394	$ 138,068	$ 424,058	$ 419,743
Occupied percentage	100%	100%	100%	100%
Our ownership percentage	77.5%	77.5%	77.5%	77.5%
Cash distributed to the Wells REIT	$ 158,817	$ 151,627	$ 476,354	$ 459,174
Net income allocated to the Wells REIT	$ 109,587	$ 107,009	$ 328,663	$ 325,318

Rental income, net income and cash distributions to the Wells REIT remained stable in 2000, as compared to 1999.

The PwC Building

	Three Months Ended		Nine Months Ended	
	Sept. 30, 2000	Sept. 30, 1999	Sept. 30, 2000	Sept. 30, 1999
Revenues:				
Rental income	$ 552,298	$ 552,297	$1,656,894	$1,656,637

Expenses:				
Depreciation	206,037	205,236	618,111	616,257
Management and leasing expenses	37,760	37,612	116,142	111,147
Other operating expenses	(28,672)	(77,618)	(134,352)	103,599
	215,125	165,230	599,901	831,003
Net income	$ 337,173	$ 387,067	$1,056,993	$ 825,634
Occupied percentage	100%	100%	100%	100%
Our ownership percentage	100%	100%	100%	100%
Cash distributed to the Wells REIT	$ 488,547	$ 526,399	$1,512,625	$1,244,179
Net income allocated to the Wells REIT	$ 337,173	$ 387,067	$1,056,993	$ 825,634

Rental income has remained stable. Other operating expenses are negative due to increased CMA billings in 2000. Management and leasing fee reimbursements are also included in other operating expenses. Tenants are billed an estimated amount for current year CAM which is then reconciled the following year, and the difference billed to the tenants.

The AT&T Building (formerly the Vanguard Cellular Building)

	Three Months Ended		Nine Months Ended	Nine Months Ended
	Sept. 30, 2000	Sept. 30, 1999	Sept. 30, 2000	Sept. 30, 1999
Revenues:				
Rental income	$ 340,832	$ 455,471	$1,022,497	$ 930,145
Expenses:				
Depreciation	120,744	120,750	362,232	321,972
Management and leasing expenses	15,525	20,532	46,201	29,082
Other operating expenses	831	3,362	6,941	12,931
Interest expense	2,915	27,470	9,331	206,046
	140,015	172,114	424,705	570,031
Net income	$ 200,817	$ 283,357	$ 597,792	$ 360,114
Occupied percentage	100%	100%	100%	100%
Our ownership percentage	100%	100%	100%	100%
Cash distributed to the Wells REIT	$ 314,681	$ 300,004	$ 953,280	$ 579,189
Net income allocated to the Wells REIT	$ 200,817	$ 283,357	$ 597,792	$ 360,114

Rental income decreased for the three months ended September 30, 2000, as compared to the three months ended September 30, 1999, due to an understatement of straight line rent in that was adjusted in the third quarter of 1999. Interest expense has decreased in 2000 due to a substantial decrease in the note payable related to this property.

Since the AT&T Building was purchased in February 1999, comparable income and expenses figures for the prior period ended September 30, 1999 covered only eight months. Accordingly, the prior period is not comparable to the nine months ended September 30, 2000.

The EYBL CarTex Building/The XI-XII-REIT Joint Venture

	Three Months Ended Sept. 30, 2000	Three Months Ended Sept. 30, 1999	Nine Months Ended Sept. 30, 2000	Five Months Ended Sept. 30, 1999
Revenues:				
Rental income	$ 142,207	$ 140,048	$ 422,385	$ 210,173
Expenses:				
Depreciation	49,902	49,902	149,702	83,170
Management and leasing expenses	16,197	3,814	27,415	14,663
Other operating expenses	3,416	5,165	16,163	5,165
	69,515	58,881	193,280	102,998
Net income	$ 72,692	$ 81,167	$ 229,105	$ 107,175
Occupied percentage	100%	100%	100%	100%
Our ownership percentage	56.8%	56.8%	56.8%	70.1%
Cash distributed to the Wells REIT	$ 67,917	$ 68,084	$ 190,825	$ 103,599
Net income allocated to the Wells REIT	$ 44,820	$ 46,791	$ 130,047	$ 65,039

Since the acquisition of the property by the XI-XII-REIT Joint Venture, the property has remained 100% occupied, and no significant changes have occurred to its operations.

Rental income increased slightly for the three month period ended September 30, 2000, as compared to the same period in 1999. Total expenses increased for the three month period ended September 30, 2000, as compared to the same period in 1999, due to an annual leasing commission paid to an outside broker pursuant to the terms of the purchase agreement. Cash distributions and net income allocated to the Wells REIT decreased for the three month period ended September 30, 2000 because of the decrease in net income.

Since the EYBL CarTex Building was purchased in May 1999, comparable income and expense figures for the prior period ended September 30, 1999 covered only five months. Accordingly, the prior period is not comparable to the nine month period ended September 30, 2000.

Our ownership interest in the XI-XII-REIT Joint Venture decreased due to the admittance of Wells Fund XII to the XI-REIT Joint Venture on June 21, 1999. Our ownership interest was 70.1% for May and June of 1999 and 56.8% for July through September of 1999.

The Sprint Building/The XI-XII-REIT Joint Venture

	Three Months Ended Sept. 30, 2000	Three Months Ended Sept. 30, 1999	Nine Months Ended Sept. 30, 2000	Three Months Ended Sept. 30, 1999
Revenues:				
Rental income	$ 265,997	$ 264,654	$ 797,991	$ 264,654
Expenses:				
Depreciation	81,779	81,776	245,336	81,776
Management and leasing expenses	11,239	7,493	33,718	7,493
Other operating expenses	3,306	1,283	13,964	1,283
	96,324	90,552	293,018	90,552
Net income	$ 169,673	$ 174,102	$ 504,973	$ 174,102
Occupied percentage	100%	100%	100%	100%

Our ownership percentage	56.8%	56.8%	56.8%	56.8%
Cash distributed to the Wells REIT	$ 133,516	$ 137,150	$ 398,252	$ 137,150
Net income allocated to the Wells REIT	$ 96,311	$ 100,192	$ 286,638	$ 100,192

Since the acquisition of the property by the XI-XII-REIT Joint Venture, the property has remained 100% occupied, and no significant changes have occurred to its operations.

Rental income increased slightly for the three months ended September 30, 2000, as compared to the same period in 1999. Total expenses increased for the three months ended September 30, 2000, as compared to the same period in 1999, due largely to the increase in management and leasing fees as well as other operating expenses. Cash distributions and net income allocated to the Company decreased for the three months ended September 30, 2000 due to a decrease in net income.

Since the Sprint Building was purchased in July 1999, comparative income and expense figures for the prior period ended September 30, 1999 covered only three months. Accordingly, the prior period is not comparable to the nine month period ended September 30, 2000.

The Johnson Matthey Building/The XI-XII-REIT Joint Venture

	Three Months Ended Sept. 30, 2000	Two Months Ended Sept. 30, 1999	Nine Months Ended Sept. 30, 2000
Revenues:			
Rental income	$ 219,349	$ 123,566	$ 648,297
Expenses:			
Depreciation	63,869	42,567	191,606
Management and leasing expenses	9,230	0	27,089
Other operating expenses	(1,535)	470	8,594
	71,564	43,037	227,289
Net income	$ 147,785	$ 80,529	$ 421,008
Occupied percentage	100%	100%	100%
Our ownership percentage	56.8%	56.8%	56.8%
Cash distributed to the Wells REIT	$ 110,419	$ 66,517	$ 318,504
Net income allocated to the Wells REIT	$ 83,836	$ 44,409	$ 238,977

Since the acquisition of the property by the XI-XII-REIT Joint Venture, the property has remained 100% occupied, and no significant changes have occurred to its operations.

Since the Johnson Matthey Building was purchased in August 1999, comparative income and expense figures for the prior period covered only two months. Accordingly, the prior period cannot be compared to the nine months ended September 30, 2000.

The Gartner Building/The XI-XII-REIT Joint Venture

	Three Months Ended Sept. 30, 2000	One Month Ended Sept. 30, 1999	Nine Months Ended Sept. 30, 2000
Revenues:			
Rental income	$ 216,567	$ 32,502	$ 637,375
Expenses:			
Depreciation	77,623	25,874	232,868
Management and leasing expenses	9,970	0	29,218
Other operating expenses	(7,603)	0	(27,396)
	79,990	25,874	234,690
Net income	$ 136,577	$ 6,628	$ 402,685
Occupied percentage	100%	100%	100%
Our ownership percentage	56.8%	56.8%	56.8%
Cash distributed to the Wells REIT	$ 110,861	$ 10,374	$ 328,570
Net income allocated to the Wells REIT	$ 77,525	$ 3,763	$ 228,574

Other operating expenses are negative due to an offset of tenant reimbursements in operating costs both for the first quarter of 2000 as well as the fourth quarter of 1999. Since the building was purchased in September of 1999, we were not able to estimate the amount to be billed for 1999 until the first quarter of 2000.

Since the acquisition of the property by the XI-XII-REIT Joint Venture, the property has remained 100% occupied, and no significant changes have occurred to its operations.

Since the Gartner Building was purchased in September 1999, comparative income and expense figures for the prior period ended September 30, 1999 covered only one month. Accordingly, the prior period is not comparable to the nine month period ended September 30, 2000.

The Marconi Building (formerly the Videojet Building)

	Three Months Ended Sept. 30, 2000	One Month Ended Sept. 30, 1999	Nine Months Ended Sept. 30, 2000
Revenues:			
Rental income	$ 817,819	$ 219,376	$ 2,453,457
Expenses:			
Depreciation	293,352	97,774	880,056
Management and leasing expenses	35,510	10,679	108,472
Other operating expenses	4,433	254	16,928
	333,295	108,707	1,005,456
Net income	$ 484,524	$ 110,669	$ 1,448,001
Occupied percentage	100%	100%	100%
Our ownership percentage	100%	100%	100%
Cash distributed to the Wells REIT	$ 673,367	$ 157,899	$ 2,016,472
Net income allocated to the Wells REIT	$ 484,524	$ 110,669	$ 1,448,001

Since the Marconi Building was purchased in September 1999, comparable income and expense figures for the prior period ended September 30, 1999 covered only one month. Accordingly, the prior period is not comparable to the nine month period ended September 30, 2000.

The Matsushita Building

	Three Months Ended Sept. 30, 2000	Nine Months Ended Sept. 30, 2000
Revenues:		
Rental income	$ 492,420	$ 1,509,449
Expenses:		
Depreciation	244,909	754,423
Management and leasing expenses	48,022	138,940
Other operating expenses	17,211	51,891
	310,142	945,254
Net income	$ 182,278	$ 564,195
Occupied percentage	100%	100%
Our ownership percentage	100%	100%
Cash distributed to the Wells REIT	$ 441,254	$ 1,156,810
Net income generated to the Wells REIT	$ 182,278	$ 564,195

Construction of the Matsushita Building is complete, and the aggregate of all costs and expenses incurred by Wells OP with respect to the acquisition and construction of the Matsushita Building was $18,576,701. The monthly base rent for the Matsushita Building is $154,602.

Since the Matsushita Building opened in January 2000, comparable income and expense figures for the prior period are not available.

The Cinemark Building

	Three Months Ended Sept. 30, 2000	Nine Months Ended Sept. 30, 2000
Revenues:		
Rental income	$ 701,262	$ 2,104,128
Interest income	3,084	$ 4,332
	704,346	2,108,460
Expenses:		
Depreciation	212,310	636,896
Management and leasing expenses	38,127	100,167
Other operating expenses	144,809	453,912
	395,246	1,190,975
Net income	$ 309,100	$ 917,485
Occupied percentage	100%	100%
Our ownership percentage	100%	100%

Cash distributed to the Wells REIT	$ 474,274	$ 1,412,711
Net income allocated to the Wells REIT	$ 309,100	$ 917,485

Since the Cinemark Building was purchased in December 1999, comparable income and expense figures for the prior period are not available.

The Metris Building

	Three Months Ended Sept. 30, 2000	Nine Months Ended Sept. 30, 2000
Revenues:		
Rental income	$ 308,459	$ 790,503
Expenses:		
Depreciation	120,792	318,298
Management and leasing expenses	13,365	34,102
Other operating expenses	3,892	10,970
	138,049	363,370
Net income	$ 170,410	$ 427,133
Occupied percentage	100%	100%
Our ownership percentage	100%	100%
Cash distributed to the Wells REIT	$ 281,392	$ 717,190
Net income allocated to the Wells REIT	$ 170,410	$ 427,133

Since the Metris Building was purchased in February 2000, comparable income and expense figures for the prior period are not available.

The Dial Building

	Three Months Ended Sept. 30, 2000	Seven Months Ended Sept. 30, 2000
Revenues:		
Rental income	$ 346,918	$ 705,027
Expenses:		
Depreciation	120,591	251,094
Management and leasing expenses	15,710	32,122
Other operating expenses	19,459	32,400
	155,760	315,616
Net income	$ 191,158	$ 389,411
Occupied percentage	100%	100%
Our ownership percentage	100%	100%
Cash distributed to the Wells REIT	$ 325,069	$ 667,145
Net income allocated to the Wells REIT	$ 191,158	$ 389,411

Since the Dial Building was purchased in March 2000, comparable income and expense figures for the prior period are not available.

The ASML Building

	Three Months Ended Sept. 30, 2000	Seven Months Ended Sept. 30, 2000
Revenues:		
Rental income	$ 586,875	$ 1,189,297
Expenses:		
Depreciation	193,620	391,056
Management and leasing expenses	26,366	54,688
Other operating expenses	75,823	131,993
	295,809	577,737
Net income	$ 291,066	$ 611,560
Occupied percentage	100%	100%
Our ownership percentage	100%	100%
Cash distributed to the Wells REIT	$ 401,031	$ 835,306
Net income allocated to the Wells REIT	$ 291,066	$ 611,560

Since the ASML Building was purchased in March 2000, comparable income and expense figures for the prior period are not available.

The Motorola Tempe Building

	Three Months Ended Sept. 30, 2000	Seven Months Ended Sept. 30, 2000
Revenues:		
Rental income	$485,835	$986,539
Expenses:		
Depreciation	184,064	366,103
Management and leasing expenses	20,654	42,352
Other operating expenses	84,162	150,817
	288,880	559,272
Net income	$196,955	$427,267
Occupied percentage	100%	100%
Our ownership percentage	100%	100%
Cash distributed to the Wells REIT	$366,882	$764,851
Net income allocated to the Wells REIT	$196,955	$427,267

Since the Motorola Tempe Building was purchased in March 2000, comparable income and expense figures for the prior period are not available.

The Siemens Building/The XII-REIT Joint Venture

	Three Months Ended Sept. 30, 2000	Five Months Ended Sept. 30, 2000
Revenues:		
Rental income	$376,103	$598,678
Expenses:		
Depreciation	106,736	176,070
Management and leasing expenses	14,736	18,020
Other operating expenses	1,805	2,032
	123,277	196,122
Net income	$252,826	$402,556
Occupied percentage	100%	100%
Our ownership percentage	50%	50%
Cash distributed to the Wells REIT	$155,462	$248,781
Net income allocated to the Wells REIT	$126,413	$201,278

Since the Siemens Building was purchased in May 2000, comparative income and expense figures for the prior period are not available.

The Avnet Building

	Three Months Ended Sept. 30, 2000	Four Months Ended Sept. 30, 2000
Revenues:		
Rental income	$442,449	$533,037
Expenses:		
Depreciation	132,714	176,952
Management and leasing expenses	21,008	21,008
Other operating expenses	59,576	72,007
	213,298	269,967
Net income	$229,151	$263,070
Occupied percentage	100%	100%
Our ownership percentage	100%	100%
Cash distributed to the Wells REIT	$298,703	$366,292
Net income allocated to the Wells REIT	$229,151	$263,070

Since the Avnet Building was purchased in June 2000, comparable income and expense figures for the prior period are not available.

The Delphi Building

	Three Months Ended Sept. 30, 2000	Four Months Ended Sept. 30, 2000
Revenues:		
Rental income	$516,205	$532,947
Expenses:		
Depreciation	216,137	219,372
Management and leasing expenses	22,167	22,167
Other operating expenses	1,650	8,782
	239,954	250,321
Net income	$276,251	$282,626
Occupied percentage	100%	100%
Our ownership percentage	100%	100%
Cash distributed to the Wells REIT	$458,077	$461,653
Net income allocated to the Wells REIT	$276,251	$282,626

Since the Delphi Building was purchased in June 2000, comparable income and expense figures for the prior period are not available.

The Alstom Power Richmond Building (formerly the ABB Richmond Building)

	Three Months Ended Sept. 30, 2000
Revenues:	
Rental income	$228,597
Expenses:	
Depreciation	110,097
Management and leasing expenses	29,694
Other operating expenses	(34,658)
	105,133
Net income	$123,634
Occupied percentage	100%
Our ownership percentage	100%
Cash distributed to the Wells REIT	$243,186
Net income allocated to the Wells REIT	$123,464

On July 24, 2000, Wells OP completed a build-to-suit four-story office building containing approximately 99,057 rentable square feet on a 7.49 acre tract of land in Richmond, Virginia (Alstom Power Richmond Building). The aggregate of all costs and expenses incurred by Wells OP with respect to the acquisition and construction of the Alstom Power Richmond Building was $11,654,666.

The building is 100% leased to Alstom Power, Inc. with a lease expiration

of July 31, 2007. The monthly base rent for the Alstom Power Richmond Building is $98,644. On December 30, 1999, ABB Power Generation, Inc. merged into ABB Alstom Power, Inc., and on June 22, 2000, ABB Alstom Power, Inc. changed its name to Alstom Power, Inc.

Since the Alstom Power Richmond Building was completed in July 2000, comparable income and expense figures for the prior period are not available.

The Quest Building (formerly the Bake Parkway Building)/VIII-IX-REIT Joint Venture

	Three Months Ended Sept. 30, 2000
Revenues:	
Rental income	$259,148
Expenses:	
Depreciation	46,368
Management and leasing expenses	0
Other operating expenses	16,283
	62,651
Net income	$196,497
Occupied percentage	100%
Our ownership percentage	7%
Cash distributed to the Wells REIT	$ 8,842
Net income allocated to the Wells REIT	$ 11,529

On June 15, 2000, the VIII-IX-REIT Joint Venture was formed between Wells OP and Fund VIII and IX Associates, a Georgia joint venture between Wells Fund VIII and Wells Fund IX. On July 1, 2000, Fund VIII and IX Associates contributed its interest in the two-story office building containing approximately 65,006 rentable square feet on a 4.4 acre tract of land located in Irvine, California (Quest Building), formerly known as the Bake Parkway Building, to the VIII-IX-REIT Joint Venture.

On August 1, 2000, Quest Software, Inc. commenced a 42 month lease for 100% of the Quest Building.

Construction of tenant improvements to the Quest Building required under the Quest lease and other costs and expenses related to the Quest Building are being funded by capital contributions from Wells OP and are anticipated to cost approximately $1,250,000 in the aggregate.

Inflation

The real estate market has not been affected significantly by inflation in the past three years due to the relatively low inflation rate. There are provisions in a majority of our tenant leases to protect us from the impact of inflation. These leases contain common area maintenance charges, real estate tax and insurance reimbursements on a per square foot basis, or in some cases, annual reimbursement of operating expenses above a certain per square foot allowance. These provisions should reduce our exposure to increases in costs and operating expenses resulting from inflation.

Prior Performance Summary

The information presented in this section represents the historical

experience of real estate programs managed by Wells Capital and its affiliates. Investors in the Wells REIT should not assume that they will experience returns, if any, comparable to those experienced by investors in such prior Wells real estate programs.

Of the 13 publicly offered real estate limited partnerships in which Leo F. Wells, III has served as a general partner, 12 of such limited partnerships have completed their respective offerings. These 12 limited partnerships and the year in which each of their offerings was completed are:

1. Wells Real Estate Fund I (1986)
2. Wells Real Estate Fund II (1988)
3. Wells Real Estate Fund II-OW (1988)
4. Wells Real Estate Fund III, L.P. (1990)
5. Wells Real Estate Fund IV, L.P. (1992)
6. Wells Real Estate Fund V, L.P. (1993)
7. Wells Real Estate Fund VI, L.P. (1994)
8. Wells Real Estate Fund VII, L.P. (1995)
9. Wells Real Estate Fund VIII, L.P. (1996)
10. Wells Real Estate Fund IX, L.P. (1996)
11. Wells Real Estate Fund X, L.P. (1997)
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, a substantial portion of which is leased to Georgia Baptist Hospital.

Wells Fund V terminated its offering on March 3, 1993, and received gross proceeds of $17,006,020 representing subscriptions from 1,667 limited partners. $15,209,666 of the gross proceeds were attributable to sales of Class A Units, and $1,796,354 of the gross proceeds were attributable to sales of Class B Units. Limited partners in Wells Fund V who purchased Class B Units are entitled to change the status of their units to Class A, but limited partners who purchased Class A Units are not entitled to change the status of their units to Class B. After taking into effect conversion elections made by limited partners subsequent to their subscription for units, as of December 31, 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 substantial portion of which is leased to Georgia Baptist Hospital;

- a four-story office building in Hartford, Connecticut leased to Hartford Fire Insurance Company;

- two restaurant properties in Stockbridge, Georgia leased to Apple Restaurants, Inc. and Glenn's Open Pit Bar-B-Que; and

- a three-story office building in Appleton, Wisconsin leased to Jaako Poyry Fluor Daniel.

Wells Fund VI terminated its offering on April 4, 1994, and received gross proceeds of $25,000,000 representing subscriptions from 1,793 limited partners.

$19,332,176 of the gross proceeds were attributable to sales of Class A Units, and $5,667,824 of the gross proceeds were attributable to sales of Class B Units. Limited partners in Wells Fund VI are entitled to change the status of their units from Class A to Class B and vice versa. After taking into effect conversion elections made by limited partners subsequent to their subscription for units, as of December 31, 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 such event, we shall provide notice of such acceleration to shareholders who have elected the deferred commission option. The amount of the remaining commissions due shall be deducted and paid by the Wells REIT out of dividends or other cash distributions otherwise payable to such shareholders during the time period prior to listing or a liquidation of our properties; provided that, in no event may the Wells REIT withhold in excess of $0.60 per share in the aggregate. To the extent that the distributions during such time period are insufficient to satisfy the remaining commissions due, the obligation of Wells REIT and our shareholders to make any further payments of deferred commissions under the deferred commission option shall terminate, and participating broker-dealers will not be entitled to receive any further portion of their deferred commissions following listing of our shares or a liquidation of our properties.

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.

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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

	1999	1998
LIABILITIES:		
Accounts payable and accrued expenses	$ 461,300	$ 187,827
Notes payable	23,929,228	14,059,930

Dividends payable	2,166,701	408,176
Due to affiliate	1,079,466	554,953
Total liabilities	27,636,695	15,210,886
COMMITMENTS AND CONTINGENCIES		
MINORITY INTEREST OF UNIT HOLDER IN OPERATING PARTNERSHIP	200,000	200,000
SHAREHOLDERS' EQUITY:		
Common shares, $.01 par value; 40,000,000 shares authorized, 13,471,085 shares issued and outstanding at December 31, 1999 and 3,154,136 shares issued and outstanding at December 31, 1998	134,710	31,541
Additional paid-in capital	115,880,885	27,056,112
Retained earnings	0	334,034
Total shareholders' equity	116,015,595	27,421,687
Total liabilities and shareholders' equity	$143,852,290	$42,832,573

The accompanying notes are an integral part of these consolidated balance sheets.

WELLS REAL ESTATE INVESTMENT TRUST, INC.

AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF INCOME

FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998

	1999	1998
REVENUES:		
Rental income	$4,735,184	$ 20,994
Equity in income of joint ventures	1,243,969	263,315
Interest income	502,993	110,869
Other income	13,249	0
	6,495,395	395,178
EXPENSES:		
Depreciation	1,726,103	0
Interest expense	442,029	11,033
Operating costs, net of reimbursements	(74,666)	0
Management and leasing fees	257,744	0
General and administrative	123,776	29,943
Legal and accounting	115,471	19,552
Computer costs	11,368	616
Amortization of organizational costs	8,921	0
	2,610,746	61,144
NET INCOME	$3,884,649	$334,034
EARNINGS PER SHARE:		
Basic and diluted	$ 0.50	$ 0.40

The accompanying notes are an integral part of these consolidated statements.

WELLS REAL ESTATE INVESTMENT TRUST, INC.

AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998

	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Retained Earnings	Total Shareholders' 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

	1999	1998
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(5,049,599)	7,778,403
CASH AND CASH EQUIVALENTS, beginning of year	7,979,403	201,000
CASH AND CASH EQUIVALENTS, end of year	$ 2,929,804	$ 7,979,403
SUPPLEMENTAL DISCLOSURES OF NONCASH ACTIVITIES:		
Deferred project costs applied to real estate assets	$ 3,183,239	$ 298,608
Deferred project costs contributed to joint ventures	$ 735,056	$ 469,884
Deferred offering costs due to affiliate	$ 416,212	$ 0

The accompanying notes are an integral part of these consolidated statements.

WELLS REAL ESTATE INVESTMENT TRUST, INC.

AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 1999 AND 1998

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Wells Real Estate Investment Trust, Inc. (the "Company") is a Maryland corporation that qualifies as a real estate investment trust ("REIT"). The Company is conducting an offering for the sale of a maximum of 40,000,000 (exclusive of 2,200,000 shares available pursuant to the Company's dividend reinvestment plan) shares of common stock, $.01 par value per share, at a price of $10 per share. The Company will seek to acquire and operate commercial properties, including, but not limited to, office buildings, shopping centers, business and industrial parks, and other commercial and industrial properties, including properties which are under construction, are newly constructed, or have been constructed and have operating histories. All such properties may be acquired, developed, and operated by the Company alone or jointly with another party. The Company is likely to enter into one or more joint ventures with affiliated entities for the acquisition of properties. In connection with this, the Company may enter into joint ventures for the acquisition of properties with prior or future real estate limited partnership programs sponsored by Wells Capital, Inc. (the "Advisor") or its affiliates.

Substantially all of the Company's business is conducted through Wells Operating Partnership, L.P. (the "Operating Partnership"), a Delaware limited partnership. During 1997, the Operating Partnership issued 20,000 limited partner units to the Advisor in exchange for $200,000. The Company is the sole general partner in the Operating Partnership and possesses full legal control and authority over the operations of the Operating Partnership; consequently, the accompanying consolidated financial statements of the Company include the amounts of the Operating Partnership.

The Operating Partnership owns the following properties directly: (i) the PriceWaterhouseCoopers property (the "PwC Building"), a four-story office building located in Tampa, Florida; (ii) the AT&T Building, a four-story office building located in Harrisburg, Pennsylvania; (iii) the Marconi Data Systems property (the "Marconi Building"), a two-story office building located in Wood Dale, Illinois; and (iv) the Cinemark Building, a five-story office building located in Plano, Texas.

The Company also owns interests in several properties through a joint venture among the Operating Partnership, Wells Real Estate Fund IX, L.P. ("Wells Fund IX"), Wells Real Estate Fund X, L.P. ("Wells Fund X"), and Wells Real Estate Fund XI, L.P. ("Wells Fund XI"). This joint venture is referred to as the Fund IX, Fund X, Fund XI, and REIT Joint Venture ("Fund IX, X, XI, and REIT Joint Venture"). In addition, the Company owns an interest in several properties

through a joint venture between Wells Fund XI, Wells Real Estate Fund XII, L.P. ("Wells Fund XII"), and the Operating Partnership, which is referred to as Wells Fund XI, XII and REIT Joint Venture. The Company owns two properties through a joint venture between the Operating Partnership and Fund X and XI Associates, a joint venture between Wells Fund X and Wells Fund XI.

Through its investment in the Fund IX, X, XI, and REIT Joint Venture, the Company owns interests in the following properties: (i) a three-story office building in Knoxville, Tennessee (the "ABB Building"), (ii) a two-story office building in Louisville, Colorado (the "Ohmeda Building"), (iii) a three-story office building in Broomfield, Colorado (the "360 Interlocken Building"), (iv) a one-story warehouse facility in Ogden, Utah (the "Iomega Building"), and (v) a one-story office building in Oklahoma City, Oklahoma (the "Lucent Technologies Building").

The following properties are owned by the Company through its investment in a joint venture with Fund X and XI Associates: (i) a one-story office and warehouse building in Fountain Valley, California (the "Cort Furniture

Building") owned by Wells/Orange County Associates and (ii) a warehouse and office building in Fremont, California (the "Fairchild Building") owned by Wells/Fremont Associates.

Through its investment in the Wells Fund XI, XII, and REIT Joint Venture, the Company owns interests in the following properties: (i) a two-story manufacturing and office building in Greenville County, South Carolina (the "EYBL CarTex Building"), (ii) a three-story office building Leawood, Kansas (the "Sprint Building"), (iii) an office and warehouse building in Chester County, Pennsylvania (the "Johnson Matthey Building"), and (iv) a two-story office building in Ft. Myers, Florida (the "Gartner Building").

Use of Estimates and Factors Affecting the Company

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

The carrying values of real estate are based on management's current intent to hold the real estate assets as long-term investments. The success of the Company's future operations and the ability to realize the investment in its assets will be dependent on the Company's ability to maintain rental rates, occupancy, and an appropriate level of operating expenses in future years. Management believes that the steps it is taking will enable the Company to realize its investment in its assets.

Income Taxes

The Company has elected to be taxed as a REIT under the Internal Revenue Code of 1986, as amended (the "Code"), commencing with the taxable year ended December 31, 1998. As a result, the Company generally will not be subject to federal income taxation at the corporate level to the extent it distributes annually at least 95% of its REIT taxable income, as defined in the Code, to its shareholders and satisfies certain other requirements. Additionally, the Operating Partnership is not subject to federal or state income taxes. Accordingly, no provision has been made for federal or state income taxes in the accompanying consolidated financial statements for the years ended December 31, 1999 and 1998.

Real Estate Assets

Real estate assets held by the Company and joint ventures are stated at cost less accumulated depreciation. Major improvements and betterments are

capitalized when they extend the useful life of the related asset. All repair and maintenance are expensed as incurred.

Management continually monitors events and changes in circumstances which could indicate that carrying amounts of real estate assets may not be recoverable. When events or changes in circumstances are present which indicate that the carrying amounts of real estate assets may not be recoverable, management assesses the recoverability of real estate assets by determining whether the carrying value of such real estate assets will be recovered through the future cash flows expected from the use of the asset and its eventual disposition. Management has determined that there has been no impairment in the carrying value of real estate assets held by the Company or the joint ventures as of December 31, 1999.

Depreciation of building and improvements is calculated using the straight-line method over 25 years. Tenant improvements are amortized over the life of the related lease or the life of the asset, whichever is shorter.

Investment in Joint Ventures

Basis of Presentation. The Operating Partnership does not have control over the operations of the joint ventures; however, it does exercise significant influence. Accordingly, the Operating Partnership's investment in the joint ventures is recorded using the equity method of accounting.

Partners' Distributions and Allocations of Profit and Loss. Cash available for distribution and allocations of profit and loss to the Operating Partnership by the joint ventures are made in accordance with the terms of the individual joint venture agreements. Generally, these items are allocated in proportion to the partners' respective ownership interests. Cash is paid from the joint ventures to the Operating Partnership on a quarterly basis.

Deferred Lease Acquisition Costs. Costs incurred to procure operating leases are capitalized and amortized on a straight-line basis over the terms of the related leases.

Revenue Recognition

All leases on real estate assets held by the Company or the joint ventures are classified as operating leases, and the related rental income is recognized on a straight-line basis over the terms of the respective leases.

Cash and Cash Equivalents

For the purposes of the statements of cash flows, the Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. Cash equivalents include cash and short-term investments. Short-term investments are stated at cost, which approximates fair value, and consist of investments in money market accounts.

Earnings Per Share

Earnings per share is calculated based on the weighted average number of common shares outstanding during each period. The weighted average number of common shares outstanding is identical for basic and fully diluted earnings per share, as there is no dilutive impact created from the Company's stock option plan (Note 10) using the treasury stock method.

2. DEFERRED PROJECT COSTS

The Company paid a percentage of shareholder contributions to the Advisor for acquisition and advisory services. These payments, as stipulated in the prospectus, can be up to 3.5% of shareholder contributions, subject to certain overall limitations contained in the prospectus. Aggregate fees paid through December 31, 1999 were $4,714,880 and amounted to 3.5% of shareholders'

contributions received. These fees are allocated to specific properties as they are purchased or developed and are included in capitalized assets of the joint ventures or real estate assets. Deferred project costs at December 31, 1999 and 1998 represent fees not yet applied to properties.

3. DEFERRED OFFERING COSTS

Organization and offering expenses, to the extent they exceed 3% of gross offering proceeds, will be paid by the Advisor and not by the Company. Organization and offering expenses do not include sales or underwriting commissions but do include such costs as legal and accounting fees, printing costs, and other offering expenses.

As of December 31, 1999, the Advisor paid organization and offering expenses on behalf of the Company in the aggregate amount of $5,005,262, of which the Advisor was reimbursed $4,040,321, which did not exceed the 5% limitation. The unpaid portion of deferred offering costs is $964,941 and is included in due to affiliate in the accompanying balance sheet.

4. RELATED-PARTY TRANSACTIONS

Due from affiliates at December 31, 1999 represents the Operating Partnership's share of the cash to be distributed from its joint venture investments for the fourth quarter of 1999 and 1998 as follows:

	1999	1998
Fund IX, X, XI, and REIT Joint Venture	$ 32,079	$ 38,360
Wells/Orange County Associates	75,953	77,123
Wells/Fremont Associates	152,681	146,862
Fund XI, XII, and REIT	387,641	0
	$648,354	$262,345

The Company entered into a property management agreement with Wells Management Company, Inc. ("Wells Management"), an affiliate of the Advisor. In consideration for supervising the management and leasing of the Operating Partnership's properties, the Operating Partnership will pay Wells Management management and leasing fees equal to the lesser of (a) fees that would be paid to a comparable outside firm, or (b) 4.5% of the gross revenues generally paid over the life of the lease plus a separate competitive fee for the one-time initial lease-up of newly constructed properties generally paid in conjunction with the receipt of the first month's rent. In the case of commercial properties which are leased on a long-term (ten or more years) net lease basis, the maximum property management fee from such leases shall be 1% of the gross revenues generally paid over the life of the leases except for a one-time initial leasing fee of 3% of the gross revenues on each lease payable over the first five full years of the original lease term.

The Operating Partnership's portion of the management and leasing fees and lease acquisition costs paid to Wells Management by the joint ventures was $336,517 for the year ended December 31, 1999.

The Advisor performs certain administrative services for the Operating Partnership, such as accounting and other partnership administration, and incurs the related expenses. Such expenses are allocated among the Operating Partnership and the various Wells Real Estate Funds based on time spent on each fund by individual administrative personnel. In the opinion of management, such

allocation is a reasonable basis for allocating such expenses.

The Advisor is a general partner in various Wells Real Estate Funds. As such, there may exist conflicts of interest where the Advisor, while serving in the capacity as general partner for Wells Real Estate Funds, may be in competition with the Operating Partnership for tenants in similar geographic markets.

5. INVESTMENT IN JOINT VENTURES

The Operating Partnership's investment and percentage ownership in joint ventures at December 31, 1999 and 1998 are summarized as follows:

	1999		1998	
	Amount	Percent	Amount	Percent
Fund IX, X, XI, and REIT Joint Venture	$ 1,388,884	4%	$ 1,443,378	4%
Wells/Orange County Associates	2,893,112	44	2,958,617	44
Wells/Fremont Associates	6,988,210	78	7,166,682	78
Fund XI, XII, and REIT Joint Venture	18,160,970	57	0	0
	$29,431,176		$11,568,677	

The following is a rollforward of the Operating Partnership's investment in joint ventures for the years ended December 31, 1999 and 1998:

	1999	1998
Investment in joint ventures, beginning of year	$11,568,677	$ 0
Equity in income of joint ventures	1,243,969	263,315
Contributions to joint ventures	18,376,267	11,745,890
Distributions from joint ventures	(1,757,737)	(440,528)
Investment in joint ventures, end of year	$29,431,176	$11,568,677

Fund IX, X, XI, and REIT Joint Venture

On March 20, 1997, Wells Fund IX and Wells Fund X entered into a joint venture agreement. The joint venture, Fund IX and X Associates, was formed to acquire, develop, operate, and sell real properties. On March 20, 1997, Wells Fund IX contributed a 5.62-acre tract of real property in Knoxville, Tennessee, and improvements thereon, known as the ABB Building, to the Fund IX and X Associates joint venture. A 83,885-square-foot, three-story building was constructed and commenced operations at the end of 1997.

On February 13, 1998, the joint venture purchased a two-story office building, known as the Ohmeda Building, in Louisville, Colorado. On March 20, 1998, the joint venture purchased a three-story office building, known as the 360 Interlocken Building, in Broomfield, Colorado. On June 11, 1998, Fund IX and X Associates was amended and restated to admit Wells Fund XI and the Operating Partnership. The joint venture was renamed the Fund IX, X, XI, and REIT Joint Venture. On June 24, 1998, the new joint venture purchased a one-story office building, known as the Lucent Technologies Building, in Oklahoma City, Oklahoma. On April 1, 1998, Wells Fund X purchased a one-story warehouse facility, known as the Iomega Building, in Ogden, Utah. On July 1, 1998, Wells Fund X contributed the Iomega Building to the Fund IX, X, XI, and REIT Joint Venture.

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

The Fund IX, X, XI, and REIT Joint Venture
(A Georgia Joint Venture)
Balance Sheets
December 31, 1999 and 1998

ASSETS

	1999	1998
Real estate assets, at cost:		
Land	$ 6,698,020	$ 6,454,213
Building and improvements, less accumulated depreciation of $2,792,068 in 1999 and $1,253,156 in 1998	29,878,541	30,686,845
Construction in progress	0	990
Total real estate assets	36,576,561	37,142,048
Cash and cash equivalents	1,146,874	1,329,457
Accounts receivable	554,965	133,257
Prepaid expenses and other assets	526,409	441,128
Total assets	$38,804,809	$39,045,890
LIABILITIES AND PARTNERS' CAPITAL		
Liabilities:		
Accounts payable	$ 704,914	$ 409,737
Due to affiliates	6,379	4,406
Partnership distributions payable	804,734	1,000,127
Total liabilities	1,516,027	1,414,270
Partners' capital:		
Wells Real Estate Fund IX	14,590,626	14,960,100
Wells Real Estate Fund X	18,000,869	18,707,139
Wells Real Estate Fund XI	3,308,403	2,521,003
Wells Operating Partnership, L.P.	1,388,884	1,443,378
Total partners' capital	37,288,782	37,631,620
Total liabilities and partners' capital	$38,804,809	$39,045,890

The Fund IX, X, XI, and REIT Joint Venture
(A Georgia Joint Venture)
Statements of Income (Loss)
for the Years Ended December 31, 1999, 1998, and 1997

	1999	1998	1997
Revenues:			
Rental income	$3,932,962	$2,945,980	$ 28,512
Interest income	120,080	20,438	0
	4,053,042	2,966,418	28,512
Expenses:			
Depreciation	1,538,912	1,216,293	36,863
Management and leasing fees	286,139	226,643	1,711
Operating costs, net of reimbursements	(43,501)	(140,506)	10,118
Property administration expense	63,311	34,821	0
Legal and accounting	35,937	15,351	0
	1,880,798	1,352,602	48,692
Net income (loss)	$2,172,244	$1,613,816	$(20,180)
Net income (loss) allocated to Wells Real Estate Fund IX	$ 850,072	$ 692,116	$(10,145)

Net income (loss) allocated to Wells Real Estate Fund X	$1,056,316	$ 787,481	$(10,035)
Net income (loss) allocated to Wells Real Estate Fund XI	$ 184,335	$ 85,352	$ 0
Net income allocated to Wells Operating Partnership, L.P.	$ 81,501	$ 48,867	$ 0

The Fund IX, X, XI, and REIT Joint Venture
(A Georgia Joint Venture)
Statements of Partners' Capital
for the Years Ended December 31, 1999, 1998, and 1997

	Wells Real Estate Fund IX	Wells Real Estate Fund X	Wells Real Estate Fund XI	Wells Operating Partnership, L.P.	Total Partners' Capital
Balance, December 31, 1996	$ 0	$ 0	$ 0	$ 0	$ 0
Net loss	(10,145)	(10,035)	0	0	(20,180)
Partnership contributions	3,712,938	3,672,838	0	0	7,385,776
Balance, December 31, 1997	3,702,793	3,662,803	0	0	7,365,596
Net income	692,116	787,481	85,352	48,867	1,613,816
Partnership contributions	11,771,312	15,613,477	2,586,262	1,480,741	31,451,792
Partnership distributions	(1,206,121)	(1,356,622)	(150,611)	(86,230)	(2,799,584)
Balance, December 31, 1998	14,960,100	18,707,139	2,521,003	1,443,378	37,631,620
Net income	850,072	1,056,316	184,355	81,501	2,172,244
Partnership contributions	198,989	0	911,027	0	1,110,016
Partnership distributions	(1,418,535)	(1,762,586)	(307,982)	(135,995)	(3,625,098)
Balance, December 31, 1999	$14,590,626	$18,000,869	$3,308,403	$1,388,884	$37,288,782

The Fund IX, X, XI, and REIT Joint Venture
(A Georgia Joint Venture)
Statements of Cash Flows
for the Years Ended December 31, 1999, 1998, and 1997

	1999	1998	1997
Cash flows from operating activities:			
Net income (loss)	$ 2,172,244	$ 1,613,816	$ (20,180)
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	1,538,912	1,216,293	36,863
Changes in assets and liabilities:			
Accounts receivable	(421,708)	(92,745)	(40,512)
Prepaid expenses and other assets	(85,281)	(111,818)	(329,310)
Accounts payable	295,177	29,967	379,770
Due to affiliates	1,973	1,927	2,479
Total adjustments	1,329,073	1,043,624	49,290
Net cash provided by operating activities	3,501,317	2,657,440	29,110
Cash flows from investing activities:			
Investment in real estate	(930,401)	(24,788,070)	(5,715,847)
Cash flows from financing activities:			
Distributions to joint venture partners	(3,820,491)	(1,799,457)	0
Contributions received from partners	1,066,992	24,970,373	5,975,908
Net cash (used in) provided by financing activities	(2,753,499)	23,170,916	5,975,908
Net (decrease) increase in cash and cash equivalents	(182,583)	1,040,286	289,171
Cash and cash equivalents, beginning of year	1,329,457	289,171	0
Cash and cash equivalents, end of year	$ 1,146,874	$ 1,329,457	$ 289,171
Supplemental disclosure of noncash activities:			
Deferred project costs contributed to joint venture	$ 43,024	$ 1,470,780	$ 318,981
Contribution of real estate assets to joint venture	$ 0	$ 5,010,639	$ 1,090,887

Wells/Orange County Associates

On July 27, 1998, the Operating Partnership entered into a joint venture agreement with Wells Development Corporation, referred to as Wells/Orange County Associates. On July 31, 1998, Wells/Orange County Associates acquired a 52,000-square-foot warehouse and office building located in Fountain Valley, California, known as the Cort Furniture Building.

On September 1, 1998, Fund X and XI Associates acquired Wells Development Corporation's interest in Wells/Orange County Associates which resulted in Fund X and XI Associates becoming a joint venture partner with the Operating Partnership in the ownership of the Cort Furniture Building.

Following are the financial statements for Wells/Orange County Associates:

Wells/Orange County Associates
(A Georgia Joint Venture)
Balance Sheets
December 31, 1999 and 1998

ASSETS

	1999	1998
Real estate assets, at cost:		
Land	$2,187,501	$2,187,501
Building, less accumulated depreciation of $278,652 in 1999 and $92,087 in 1998	4,385,463	4,572,028
Total real estate assets	6,572,964	6,759,529
Cash and cash equivalents	176,666	180,895
Accounts receivable	49,679	13,123
Total assets	$6,799,309	$6,953,547

LIABILITIES AND PARTNERS' CAPITAL

	1999	1998
Liabilities:		
Accounts payable	$ 0	$ 1,550
Partnership distributions payable	173,935	176,614
Total liabilities	173,935	178,164
Partners' capital:		
Wells Operating Partnership, L.P.	2,893,112	2,958,617
Fund X and XI Associates	3,732,262	3,816,766
Total partners' capital	6,625,374	6,775,383
Total liabilities and partners' capital	$6,799,309	$6,953,547

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

	1999	1998
Revenues:		
Rental income	$795,545	$331,477
Interest income	0	448
	795,545	331,925
Expenses:		
Depreciation	186,565	92,087
Management and leasing fees	30,360	12,734
Operating costs, net of reimbursements	22,229	2,288
Interest	0	29,472
Legal and accounting	5,439	3,930

	244,593	140,511
Net income	$550,952	$191,414
Net income allocated to Wells Operating Partnership, L.P.	$240,585	$ 91,978

Net income allocated to Fund X and XI Associates	$310,367	$ 99,436

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

	Wells Operating Partnership, L.P.	Fund X and XI Associates	Total Partners' Capital
Balance, December 31, 1997	$ 0	$ 0	$ 0
Net income	91,978	99,436	191,414
Partnership contributions	2,991,074	3,863,272	6,854,346
Partnership distributions	(124,435)	(145,942)	(270,377)
Balance, December 31, 1998	2,958,617	3,816,766	6,775,383
Net income	240,585	310,367	550,952
Partnership distributions	(306,090)	(394,871)	(700,961)
Balance, December 31, 1999	$2,893,112	$3,732,262	$6,625,374

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

	1999	1998
Cash flows from operating activities:		
Net income	$ 550,952	$ 191,414
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	186,565	92,087
Changes in assets and liabilities:		
Accounts receivable	(36,556)	(13,123)
Accounts payable	(1,550)	1,550
Total adjustments	148,459	80,514
Net cash provided by operating activities	699,411	271,928
Cash flows from investing activities:		
Investment in real estate	0	(6,563,700)
Cash flows from financing activities:		
Issuance of note payable	0	4,875,000
Payment of note payable	0	(4,875,000)
Distributions to partners	(703,640)	(93,763)
Contributions received from partners	0	6,566,430
Net cash (used in) provided by financing activities	(703,640)	6,472,667

Net (decrease) increase in cash and cash equivalents	(4,229)	180,895
Cash and cash equivalents, beginning of year	180,895	0
Cash and cash equivalents, end of year	$ 176,666	$ 180,895
Supplemental disclosure of noncash activities:		
Deferred project costs contributed to joint venture	$ 0	$ 287,916

Wells/Fremont Associates

On July 15, 1998, the Operating Partnership entered into a joint venture agreement with Wells Development Corporation, referred to as Wells/Fremont Associates. On July 21, 1998, Wells/Fremont Associates acquired a 58,424-square-foot warehouse and office building located in Fremont, California, known as the Fairchild Building.

On October 8, 1998, Fund X and XI Associates acquired Wells Development Corporation's interest in Wells/Fremont Associates which resulted in Fund X and XI Associates becoming a joint venture partner with the Operating Partnership in the ownership of the Fairchild Building.

Following are the financial statements for Wells/Fremont Associates:

Wells/Fremont Associates
(A Georgia Joint Venture)
Balance Sheets
December 31, 1999 and 1998

ASSETS

	1999	1998
Real estate assets, at cost:		
Land	$2,219,251	$2,219,251
Building, less accumulated depreciation of $428,246 in 1999 and $142,720 in 1998	6,709,912	6,995,439
Total real estate assets	8,929,163	9,214,690
Cash and cash equivalents	189,012	192,512
Accounts receivable	92,979	34,742
Total assets	$9,211,154	$9,441,944

LIABILITIES AND PARTNERS' CAPITAL

	1999	1998
Liabilities:		
Accounts payable	$ 2,015	$ 3,565
Due to affiliate	5,579	2,052
Partnership distributions payable	186,997	189,490
Total liabilities	194,591	195,107
Partners' capital:		
Wells Operating Partnership, L.P.	6,988,210	7,166,682
Fund X and XI Associates	2,028,353	2,080,155
Total partners' capital	9,016,563	9,246,837
Total liabilities and partners' capital	$9,211,154	$9,441,944

Wells/Fremont Associates
(A Georgia Joint Venture)

Statements of Income
for the Years Ended December 31, 1999 and 1998

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

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

	Wells Operating Partnership, L.P.	Fund X and XI Associates	Total Partners' Capital
Balance, December 31, 1997	$ 0	$ 0	$ 0
Net income	122,470	39,449	161,919
Partner contributions	7,274,075	2,083,334	9,357,409
Partnership distributions	(229,863)	(42,628)	(272,491)
Balance, December 31, 1998	7,166,682	2,080,155	9,246,837
Net income	433,383	125,791	559,174
Partnership distributions	(611,855)	(177,593)	(789,448)
Balance, December 31, 1999	$6,988,210	$2,028,353	$9,016,563

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

	1999	1998
Cash flows from operating activities:		
Net income	$ 559,174	$ 161,919
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	285,526	142,720

Changes in assets and liabilities:		
Accounts receivable	(58,237)	(34,742)
Accounts payable	(1,550)	3,565
Due to affiliate	3,527	2,052
Total adjustments	229,266	113,595
Net cash provided by operating activities	788,440	275,514
Cash flows from investing activities:		
Investment in real estate	0	(8,983,111)
Cash flows from financing activities:		
Issuance of note payable	0	5,960,000
Payment of note payable	0	(5,960,000)
Distributions to partners	(791,940)	(83,001)
Contributions received from partners	0	8,983,110
Net cash (used in) provided by financing activities	(791,940)	8,900,109
Net (decrease) increase in cash and cash equivalents	(3,500)	192,512
Cash and cash equivalents, beginning of year	192,512	0
Cash and cash equivalents, end of year	$ 189,012	$ 192,512
Supplemental disclosure of noncash activities:		
Deferred project costs contributed to joint venture	$ 0	$ 374,299

Fund XI, XII, and REIT Joint Venture

On May 1, 1999, the Operating Partnership entered into a joint venture with Wells Fund XII and Wells Fund XI. On May 18, 1999, the joint venture purchased a 169,510-square-foot, two-story manufacturing and office building, known as EYBL CarTex, in Fountain Inn, South Carolina. On July 21, 1999, the joint venture purchased a 68,900 square-foot, three-story-office building, known as the Sprint Building, in Leawood, Kansas. On August 17, 1999, the joint venture purchased a 130,000 square-foot office and warehouse building, known as the Johnson Matthey Building, in Chester County, Pennsylvania. On September 20, 1999, the joint venture purchased a 62,400 square-foot, two-story office building, known as the Gartner Building, in Fort Myers, Florida.

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

The Fund XI, XII, and REIT Joint Venture
(A Georgia Joint Venture)
Balance Sheet
December 31, 1999

ASSETS

Real estate assets, at cost:	
Land	$ 5,048,797
Building and improvements, less accumulated depreciation of $506,582	26,811,869
Total real estate assets	31,860,666
Cash and cash equivalents	766,278
Accounts receivable	133,777
Prepaid assets and other expenses	26,486
Total assets	$32,787,207

LIABILITIES AND PARTNERS' CAPITAL

Liabilities:	
Accounts payable	$ 112,457
Partnership distributions payable	680,294
Total liabilities	792,751
Partners' capital:	
Wells Real Estate Fund XI	8,365,852
Wells Real Estate Fund XII	5,467,634
Wells Operating Partnership, L.P.	18,160,970

Total partners' capital	31,994,456
Total liabilities and partners' capital	$32,787,207

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

Revenues:	
Rental income	$1,443,446
Other income	57
	1,443,503
Expenses:	
Depreciation	506,582
Management and leasing fees	59,230
Operating costs, net of reimbursements	6,433
Property administration	14,185
Legal and accounting	4,000
	590,430
Net income	$ 853,073
Net income allocated to Wells Real Estate Fund XI	$ 240,031
Net income allocated to Wells Real Estate Fund XII	$ 124,542
Net income allocated to Wells Operating Partnership, L.P.	$ 488,500

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

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

The Fund XI, XII, and REIT Joint Venture
(A Georgia Joint Venture)
Statement of Cash Flows

for the Year Ended December 31, 1999

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

6. INCOME TAX BASIS NET INCOME AND PARTNERS' CAPITAL

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

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

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

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

7. RENTAL INCOME

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

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

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

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

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

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

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

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

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

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

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

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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

	September 30, 2000	December 31, 1999
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 (unaudited)	December 31, 1999
RENTAL REVENUES	$770,000	$2,310,000
OPERATING EXPENSES, net of reimbursements	73,739	10,916
REVENUES OVER CERTAIN OPERATING EXPENSES	$696,261	$2,299,084

The accompanying notes are an integral part of these statements.

MOTOROLA PLAINFIELD BUILDING

NOTES TO STATEMENTS OF REVENUES

OVER CERTAIN OPERATING EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 1999

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

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Description of Real Estate Property Acquired

On November 1, 2000, the Wells Operating Partnership L.P. ("Wells OP"), a Delaware Limited Partnership formed to acquire, own, lease, operate and manage real properties on behalf of the Wells Real Estate Investment Trust, Inc.,

acquired the Motorola Plainfield Building from WHMAB Real Estate Limited Partnership ("WHMAB"). WHMAB is not an affiliate of Wells OP. The total purchase price of the Motorola Plainfield Building was $34,072,916, which includes an obligation of WHMAB assumed by Wells OP at closing to reimburse the tenant, Motorola, Inc. ("Motorola"), a maximum of $424,760 for certain rent payments required of it under its prior lease. Wells OP incurred additional acquisition expenses in connection with the purchase of the Motorola Plainfield Building, including attorney's fees, recording fees, loan fees, and other closing costs, of approximately $105,225. The funds used to purchase the Motorola Plainfield Building consisted of cash and proceeds from Wells OP's line of credit with SouthTrust Bank, N.A.

The entire 236,710 rentable square feet of the Motorola Plainfield Building is currently under a net lease agreement (the "Lease") with Motorola. The Lease was assigned to Wells OP at closing. The Lease commenced on November 1, 2000 and expires on October 31, 2010. Motorola has the right to extend the Lease for two additional five-year periods of time for a base rent equal to the greater of (i) the last year's rent, or (ii) 95% of the then-current fair market rental rate. Under the Lease, Motorola is required to pay as additional rent all real estate taxes, special assessments, utilities, insurance, and other operating costs associated with the Motorola Plainfield Building during the term of the Lease. In addition, Motorola is responsible for repair and maintenance of the roof, walls, structure, and foundation, landscaping, and heating, ventilating, air conditioning, mechanical, electrical, plumbing, and other systems.

Prior to commencement of the Lease with Motorola, 220,000 rentable square feet of the Motorola Plainfield Building was under a net lease agreement (the "Previous Lease") with a tenant. The Previous Lease commenced on May 14, 1997 and expired on April 30, 2000. Under the Previous Lease, the tenant was required to pay as additional rent all real estate taxes, special assessments, utilities, insurance, and other operating costs associated with the Motorola Plainfield Building during the term of the Previous Lease. In addition, the tenant was responsible for repair and maintenance of the roof, walls, structure, and foundation, landscaping, and heating, ventilating, air conditioning, mechanical, electrical, plumbing, and other systems.

The Motorola Plainfield Building did not have any tenants for the period from May 1, 2000 to October 31, 2000.

Rental Revenues

Rental income from leases is recognized on a straight-line basis over the life of the lease.

2. BASIS OF ACCOUNTING

The accompanying statement of revenues over certain operating expenses is presented on the accrual basis. This statement has been prepared in accordance with the applicable rules and regulations of the Securities and Exchange Commission for real estate properties acquired. Accordingly, the statement excludes certain historical expenses, such as depreciation, interest, and management fees, not comparable to the operations of the Motorola Plainfield Building after acquisition by Wells OP.

WELLS REAL ESTATE INVESTMENT TRUST, INC.

UNAUDITED PRO FORMA FINANCIAL STATEMENTS

The following unaudited pro forma balance sheet as of September 30, 2000 has been prepared to give effect to the acquisition of the Motorola Plainfield Building by the Wells Operating Partnership, L.P. ("Wells OP"), as if the acquisition occurred as of September 30, 2000. The following unaudited pro forma

statements of income for the year ended December 31, 1999 and the nine months ended September 30, 2000 have been prepared to give effect to the acquisition of the Dial Building, the ASML Building, and the Motorola Tempe Building (together, the "Prior Acquisitions") and the Motorola Plainfield Building by the Wells OP as if each acquisition occurred on January 1, 1999.

Wells OP is a Delaware limited partnership that was organized to own and operate properties on behalf of the Wells Real Estate Investment Trust, Inc. Wells Real Estate Investment Trust, Inc. is the general partner of the Wells OP.

These unaudited pro forma financial statements are prepared for informational purposes only and are not necessarily indicative of future results or of actual results that would have been achieved had the acquisitions been consummated at the beginning of the period presented.

WELLS REAL ESTATE INVESTMENT TRUST, INC.

PRO FORMA BALANCE SHEET

SEPTEMBER 30, 2000

(Unaudited)

ASSETS

	Wells Real Estate Investment Trust, Inc.	Pro Forma Adjustments	Pro Forma Total
REAL ESTATE ASSETS, AT COST:			
Land	$ 21,695,304	$ 9,652,500(a) 402,509(b)	$ 31,750,313
Buildings less accumulated depreciation of $6,810,792	188,671,038	24,525,641(a) 1,022,719(b)	214,219,398
Construction in progress	295,517	0	295,517
Total real estate assets	210,661,859	35,603,369	246,265,228
INVESTMENT IN JOINT VENTURES	36,708,242	0	36,708,242
CASH AND CASH EQUIVALENTS	12,257,161	(10,753,381)(a) (954,223)(b) (82,973)(c)	466,584
DEFERRED OFFERING COSTS	1,108,206	0	1,108,206
DEFERRED PROJECT COSTS	471,005	(471,005)(b)	0
DUE FROM AFFILIATES	859,515	0	859,515
PREPAID EXPENSES AND OTHER ASSETS	6,344,905	82,973(c)	6,427,878
Total assets	$ 268,410,893	$23,424,760	$ 291,835,653

LIABILITIES AND SHAREHOLDERS' EQUITY

	Wells Real Estate Investment Trust, Inc.	Pro Forma Adjustments	Pro Forma Total
LIABILITIES:			
Accounts payable and accrued expenses	$ 975,821	$ 424,760(a), (d)	$ 1,400,581
Notes payable	38,909,030	23,000,000(a)	61,909,030
Dividends payable	4,475,982	0	4,475,982
Due to affiliate	1,372,508	0	1,372,508

Total liabilities	45,733,341	23,424,760	69,158,101
COMMITMENTS AND CONTINGENCIES			
MINORITY INTEREST OF UNIT HOLDER IN OPERATING PARTNERSHIP	200,000	0	200,000
SHAREHOLDERS' EQUITY:			
Common shares, $.01 par value; 40,000,000 shares authorized, 13,471,085 shares issued and outstanding	261,748	0	261,748
Additional paid-in capital	222,215,804	0	222,215,804
Retained earnings	0	0	0
Total shareholders' equity	222,477,552	0	222,477,552
Total liabilities and shareholders' equity	$ 268,410,893	$ 23,424,760	$ 291,835,653

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

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

(c) Reflects loan fees incurred in connection with the receipt of loan proceeds from the SouthTrust Bank, N.A., line of credit.

(d) Reflects assumption of obligation of Wells OP to reimburse the tenant of certain rent payments required of it under its prior lease.

WELLS REAL ESTATE INVESTMENT TRUST, INC.

PRO FORMA STATEMENT OF INCOME

FOR THE YEAR ENDED DECEMBER 31, 1999

(Unaudited)

	Wells Real Estate Investment Trust, Inc.	Pro Forma Adjustments Prior Acquisitions	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		Pro Forma Total
		Prior Acquisitions	Motorola Plainfield	
REVENUES:				
Rental income	$13,712,371	$1,440,432(a)	$ 770,000(a)	$15,922,803
Equity in income of joint ventures	1,684,247	0	0	1,684,247
Interest income	338,020	0	0	338,020
	15,734,638	1,440,432	770,000	17,945,070
EXPENSES:				
Depreciation and amortization	5,084,689	460,704(b)	766,451(b) 17,780(c)	6,329,624
Interest	2,798,299	777,450(d) 112,500(e)	1,546,620(f)	5,234,869
Operating costs, net of reimbursements	631,407	(15,099)(g)	73,739(h)	690,047
Management and leasing fees	919,630	86,426(i)	46,200(i)	1,052,256
General and administrative	273,484	0	0	273,484
Legal and accounting	130,603	0	0	130,603
Computer costs	8,846	0	0	8,846
Amortization of organizational costs	150,143	0	0	150,143

	9,997,101	1,421,981	2,450,790	13,869,872
NET INCOME	$ 5,737,537	$ 18,451	$(1,680,790)	$ 4,075,198
HISTORICAL EARNINGS PER SHARE (BASIC AND DILUTED)	$ 0.30			
PRO FORMA EARNINGS PER SHARE (BASIC AND DILUTED)				$ 0.15(j)
REVENUES:				

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

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

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

(d) Interest expense on the $9,000,000 line of credit with SouthTrust Bank, N.A. and the $26,500,000 line of credit with Bank of America, N.A., which bear interest at 8.76% for the nine months ended September 30, 2000.

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

(f) Interest expense on the $23,000,000 line-of-credit with SouthTrust Bank, N.A., which bears interest at 8.97% for the nine months ended September 30, 2000.

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

(h) Consists of non-reimbursable operating expenses.

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

(j) As of the property acquisition date of November 1, 2000, Wells Real Estate Investment Trust, Inc. had 27,970,106 shares of common stock outstanding; pro forma earnings per share is calculated as if these shares were outstanding for the entire nine months ended September 30, 2000.

PRIOR PERFORMANCE TABLES

The following Prior Performance Tables (Tables) provide information relating to real estate investment programs sponsored by the advisor and its affiliates (Wells Public Programs) which have investment objectives similar to Wells Real Estate Investment Trust, Inc. (Wells REIT). (See "Investment Objectives and Criteria.") All of the Wells Public Programs, except for the Wells REIT, have used substantial amounts of capital, and no acquisition indebtedness, to acquire their properties.

Prospective investors should read these Tables carefully together with the summary information concerning the Wells Public Programs as set forth in "Prior Performance Summary" section of this prospectus.

Investors in the Wells REIT will not own any interest in other Wells Public Programs and should not assume that they will experience returns, if any, comparable to those experienced by investors in the Wells Public Programs.

The advisor is responsible for the acquisition, operation, maintenance and resale of the real estate properties. The financial results of the Wells

Public Programs thus provide an indication of the advisor's performance of its obligations during the periods covered. However, general economic conditions affecting the real estate industry and other factors contribute significantly to financial results.

The following tables are included herein:

Table I - Experience in Raising and Investing Funds (As a Percentage of Investment)

Table II - Compensation to Sponsor (in Dollars)

Table III - Annual Operating Results of Wells Public Programs

Table IV (Results of completed programs) and Table V (sales or disposals of property) have been omitted since none of the Wells Public Programs have sold any of their properties to date.

Additional information relating to the acquisition of properties by the Wells Public Programs is contained in Table VI, which is included in Part II of the registration statement which the Wells REIT has filed with the Securities and Exchange Commission. As described above, no Wells Public Program has sold or disposed of any property held by it. Copies of any or all information will be provided to prospective investors at no charge upon request.

The following are definitions of certain terms used in the Tables:

"Acquisition Fees" shall mean fees and commissions paid by a Wells Public Program in connection with its purchase or development of a property, except development fees paid to a person not affiliated with the Wells Public Program or with a general partner or advisor of the Wells Public Program in connection with the actual development of a project after acquisition of the land by the Wells Public Program.

"Organization Expenses" shall include legal fees, accounting fees, securities filing fees, printing and reproduction expenses and fees paid to the sponsor in connection with the planning and formation of the Wells Public Program.

"Underwriting Fees" shall include selling commissions and wholesaling fees paid to broker-dealers for services provided by the broker-dealers during the offering.

TABLE I
(UNAUDITED)

EXPERIENCE IN RAISING AND INVESTING FUNDS

This Table provides a summary of the experience of the sponsors of Wells Public Programs for which offerings have been completed since December 31, 1996. Information is provided with regard to the manner in which the proceeds of the offerings have been applied. Also set forth is information pertaining to the timing and length of these offerings and the time period over which the proceeds have been invested in the properties. All figures are as of December 31, 1999.

	Wells Real Estate Fund IX, L.P.	Wells Real Estate Fund X, L.P.	Wells Real Estate Fund XI, L.P.	Wells Real Estate Investment Trust, Inc.
Dollar Amount Raised	$35,000,000/(3)/	$ 27,128,912/(4)/	$ 16,532,802/(5)/	$ 132,181,919/(6)/
Percentage Amount Raised	100.0%/(3)/	100%/(4)/	100%/(5)/	100%/(6)/

Less Offering Expenses				
Underwriting Fees	10.0%	10.0%	9.5%	9.5%
Organizational Expenses	5.0%	5.0%	3.0%	3.0%
Reserves/(1)/	0.0%	0.0%	0.0%	0.0%
Percent Available for Investment	85.0%	85.0%	87.5%	87.5%
Acquisition and Development Costs				
Prepaid Items and Fees related to Purchase of Property	2.0%	5.4%	0.0%	1.1%
Cash Down Payment	67.1%	60.5%	84.0%	82.0%
Acquisition Fees/(2)/	4.0%	4.0%	3.5%	3.5%
Development and Construction Costs	11.9%	14.1%	0.0%	0.3%
Reserve for Payment of Indebtedness	0.0%	0.0%	0.0%	0.0%
Total Acquisition and Development Cost	85.0%	84.0%	87.5%	86.9%
Percent Leveraged	0.0%	0.0%	0.0%	17.6%
Date Offering Began	01/05/96	12/31/96	2/31/97	01/30/98
Length of Offering	12 mo.	12 mo.	12 mo.	23 mo.
Months to Invest 90% of Amount Available for Investment (Measured from Beginning of Offering)	14 mo.	19 mo.	20 mo.	21 mo.
Number of Investors as of 12/31/99	2,120	1,812	1,345	3,839

(1) Does not include general partner contributions held as part of reserves.
(2) Includes acquisition fees, real estate commissions, general contractor fees and/or architectural fees paid to affiliates of the general partners.
(3) Total dollar amount registered and available to be offered was $35,000,000. Wells Real Estate Fund IX, L.P. closed its offering on December 30, 1996, and the total dollar amount raised was $35,000,000.

(4) Total dollar amount registered and available to be offered was $35,000,000. Wells Real Estate Fund X, L.P. closed its offering on December 30, 1997, and the total dollar amount raised was $27,128,912.
(5) Total dollar amount registered and available to be offered was $35,000,000. Wells Real Estate Fund XI, L.P. closed its offering on December 30, 1998, and the total dollar amount raised was $16,532,802.
(6) Total dollar amount registered and available to be offered was $165,000,000. Wells Real Estate Investment Trust, Inc. closed its initial offering on December 20, 1999, and the total dollar amount raised in its initial offering was $132,181,919.

TABLE II
(UNAUDITED)
COMPENSATION TO SPONSOR

The following sets forth the compensation received by Wells Capital and its affiliates, including compensation paid out of offering proceeds and compensation paid in connection with the ongoing operations of Wells Public Programs having similar or identical investment objectives the offerings of which have been completed since December 31, 1996. These partnerships have not sold or refinanced any of their properties to date. All figures are as of December 31, 1999.

	Wells Real Estate Fund IX, L.P.	Wells Real Estate Fund X, L.P.	Wells Real Estate Fund XI, L.P.	Wells Real Estate Investment Trust, Inc.	Other Public Programs/(1)/
Date Offering Commenced	01/05/96	12/31/96	12/31/97	01/30/98	--
Dollar Amount Raised	$35,000,000	$ 27,128,912	$ 16,532,802	$132,181,919	$206,241,095
to Sponsor from Proceeds of Offering:					
Underwriting Fees/(2)/	$ 309,556	$ 260,748	$ 151,911	$ 1,530,882	$ 924,156
Acquisition Fees					
Real Estate Commissions	--	--	--	--	--
Acquisition and Advisory Fees/(3)/	$ 1,400,000	$ 1,085,157	$ 578,648	$ 4,626,367	$ 10,159,399

Dollar Amount of Cash Generated from Operations Before Deducting Payments to Sponsor/(4)/	$ 7,064,631	$ 4,262,319	$ 2,133,705	$ 8,002,132	$ 38,076,886
Amount Paid to Sponsor from Operations:	$ 169,661	$ 105,410	$ 22,200	$ 129,208	$ 1,434,957
Property Management Fee/(1)/	--	--	--	--	--
Partnership Management Fee	$ 133,784	$ 105,132	$ 61,058	$ 101,605	$ 1,613,725
Reimbursements	$ 260,082	$ 176,108	$ 33,492	$ 129,208	$ 1,580,482
Leasing Commissions	--	--	--	--	--
General Partner Distributions	--	--	--	--	--
Other					
Dollar Amount of Property Sales and Refinancing					
Payments to Sponsors:	--	--	--	--	--
Cash	--	--	--	--	--
Notes					
Amount Paid to Sponsor from Property Sales and Refinancing:					
Real Estate Commissions	--	--	--	--	--
Incentive Fees	--	--	--	--	--
Other	--	--	--	--	--

(1) Includes compensation paid to the general partners from Wells Real Estate Fund I, Wells Real Estate Fund II, Wells Real Estate Fund II-OW, Wells Real Estate Fund III, L.P., Wells Real Estate Fund IV, L.P., Wells Real Estate Fund V, L.P., Wells Real Estate Fund VI, L.P., Wells Real Estate Fund VII, L.P., and Wells Real Estate Fund VIII, L.P. during the past three years. In addition to the amounts shown, affiliates of the general partners of Wells Real Estate Fund I are entitled to certain property management and leasing fees but have elected to defer the payment of such fees until a later year on properties owned by Wells Real Estate Fund I. At December 31, 1999, the amount of such deferred fees due the general partners totaled $2,397,266.

(2) Includes net underwriting compensation and commissions paid to Wells Investment Securities, Inc. in connection with the offering which was not reallowed to participating broker-dealers.

(3) Fees paid to the general partners or their affiliates for acquisition and advisory services in connection with the review and evaluation of potential real property acquisitions.

(4) Includes $487,134 in net cash provided by operating activities, $6,013,970 in distributions to limited partners and $563,527 in payments to sponsor for Wells Real Estate Fund IX, L.P.; $400,825 in net cash provided by operating activities, $3,474,844 in distributions to limited partners and $386,650 in payments to sponsor for Wells Real Estate Fund X, L.P.; $(150,720) in net cash used by operating activities, $2,167,675 in distributions to limited partners and $116,750 in payments to sponsor for Wells Real Estate Fund XI, L.P.; $3,732,726 in net cash provided by operating activities, $3,909,385 in dividends and $360,021 in payments to sponsor for Wells Real Estate Investment Trust, Inc.; and $2,167,163 in net cash provided by operating activities, $31,280,559 in distributions to limited partners and $4,629,164 in payments to sponsor for other public programs.

TABLE III
(UNAUDITED)

The following six tables set forth operating results of Wells Public Programs the offerings of which have been completed since December 31, 1994. The information relates only to public programs with investment objectives similar to those of the Wells REIT. All figures are as of December 31 of the year indicated.

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

	1999	1998	1997	1996	1995
Gross Revenues/(1)/	$ 982,630	$ 846,306	$ 816,237	$ 543,291	$ 925,246
Profit on Sale of Properties	--	--	--	--	--
Less: Operating Expenses/(2)/	85,273	85,722	76,838	84,265	114,953
Depreciation and Amortization/(3)/	1,562	6,250	6,250	6,250	6,250
Net Income GAAP Basis/(4)/	$ 895,795	$ 754,334	$ 733,149	$ 452,776	$ 804,043
Taxable Income: Operations	$ 1,255,666	$ 1,109,096	$ 1,008,368	$ 657,443	$ 812,402
Cash Generated (Used By):					
Operations	(82,763)	(72,194)	(43,250)	20,883	431,728
Joint Ventures	1,777,010	1,770,742	1,420,126	760,628	424,304
	$ 1,694,247	$ 1,698,548	$ 1,376,876	$ 781,511	$ 856,032
Less Cash Distributions to Investors:					
Operating Cash Flow	1,688,290	1,636,158	1,376,876	781,511	856,032
Return of Capital	--	--	2,709	10,805	22,064
Undistributed Cash Flow from Prior Year Operations	--	--	--	--	9,643
Cash Generated (Deficiency) after Cash Distributions	$ 5,957	$ 62,390	$ (2,709)	$ (10,805)	$ (31,707)
Special Items (not including sales and financing):					
Source of Funds:					
General Partner Contributions	--	--	--	--	--
Increase in Limited Partner Contributions	$ --	$ --	$ --	$ --	$ 805,212
	$ 5,957	$ 62,390	$ (2,709)	$ (10,805)	$ 773,505
Use of Funds:					
Sales Commissions and Offering Expenses	--	--	--	--	$ 244,207
Return of Original Limited Partner's Investment	--	--	--	--	100
Property Acquisitions and Deferred Project Costs	0	181,070	169,172	736,960	14,971,002
Cash Generated (Deficiency) after Cash Distributions and Special Items	$ 5,957	$ (118,680)	$ (171,881)	$ (747,765)	$(14,441,804)
Net Income and Distributions Data per $1,000 Invested:					
Net Income on GAAP Basis:					
Ordinary Income (Loss)	93	85	86	62	57
- Operations Class A Units	(248)	(224)	(168)	(98)	(20)
- Operations Class B Units	--	--	--	--	--
Capital Gain (Loss)					
Tax and Distributions Data per $1,000 Invested:					
Federal Income Tax Results:					
Ordinary Income (Loss)					
- Operations Class A Units	89	82	78	55	55
- Operations Class B Units	(144)	(134)	(111)	(58)	(16)
Capital Gain (Loss)	--	--	--	--	--
Cash Distributions to Investors:					
Source (on GAAP Basis)					
- Investment Income Class A Units	83	81	70	43	52
- Return of Capital Class A Units	--	--	--	--	--
- Return of Capital Class B Units	--	--	--	--	--
Source (on Cash Basis)					
- Operations Class A Units	83	81	70	42	51
- Return of Capital Class A Units	--	--	--	1	1
- Operations Class B Units	--	--	--	--	--
Source (on a Priority Distribution Basis)/(5)/					
- Investment income Class A Units	67	65	54	29	30
- Return of Capital Class A Units	16	16	16	14	22
- Return of Capital Class B Units	--	--	--	--	--
Amount (in Percentage Terms) Remaining Invested in Program Properties at the end of the Last Year Reported in the Table	100%				

(1) Includes $403,325 in equity in earnings of joint ventures and $521,921 from investment of reserve funds in 1995, $457,144 in equity in earnings of joint ventures and $86,147 from investment of reserve funds in 1996, $785,398 in equity in earnings of joint ventures and $30,839 from investment of reserve funds in 1997, $839,037 in equity in earnings of joint ventures and $7,269 from investment of reserve funds in 1998, and $981,104 in equity in earnings of joint ventures and $1,526 from investment of reserve funds in 1999. At December 31, 1999, the leasing status was 97% including developed property in initial lease up.

(2) Includes partnership administrative expenses.

(3) Included in equity in earnings of joint ventures in gross revenues is depreciation of $25,468 for 1994, $140,533 for 1995, $605,247 for 1996, $877,869 for 1997, $955,245 for 1998, and $982,052 for 1999.

(4) In accordance with the partnership agreement, net income or loss, depreciation and amortization are allocated $950,826 to Class A Limited Partners, $(146,503) to Class B Limited Partners and $(280) to the General Partners for 1995; $1,062,605 to Class A Limited Partners, $(609,829) to Class B Limited Partners and $0 to the General Partners for 1996;

$1,615,965 to class A Limited Partners, $(882,816) to Class B Limited Partners and $0 to the General Partners for 1997; $1,704,213 to Class A Limited Partners, $(949,879) to Class B Limited Partners and $0 to the General Partners for 1998; and $1,879,410 to Class A Limited Partners, $(983,615) to Class B Limited Partners and $0 to the General Partners for 1999.

(5) Pursuant to the terms of the partnership agreement, an amount equal to the cash distributions paid to Class A Limited Partners is payable as priority distributions out of the first available net proceeds from the sale of partnership properties to Class B Limited Partners. The amount of cash distributions paid per unit to Class A Limited Partners is shown as a return of capital to the extent of such priority distributions payable to Class B Limited Partners. As of December 31, 1999, the aggregate amount of such priority distributions payable to Class B Limited Partners totaled $1,680,730.

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

	1999	1998	1997	1996	1995
Gross Revenues/(1)/	$ 1,360,497	$ 1,362,513	$ 1,204,018	$ 1,057,694	$ 402,428
Profit on Sale of Properties	--	--	--	--	--
Less: Operating Expenses/(2)/	87,301	87,092	95,201	114,854	122,264
Depreciation and Amortization/(3)/	6,250	6,250	6,250	6,250	6,250
Net Income GAAP Basis/(4)/	$ 1,266,946	$ 1,269,171	$ 1,102,567	$ 936,590	273,914
Taxable Income: Operations	$ 1,672,844	$ 1,683,192	$ 1,213,524	$ 1,001,974	404,348
Cash Generated (Used By):					
Operations	(87,298)	(63,946)	7,909	623,268	204,790
Joint Ventures	2,558,623	2,293,504	1,229,282	279,984	20,287
	$ 2,471,325	$ 2,229,558	$ 1,237,191	$ 903,252	$ 225,077
Less Cash Distributions to Investors:					
Operating Cash Flow	2,379,215	2,218,400	1,237,191	903,252	--
Return of Capital	--	--	183,315	2,443	--
Undistributed Cash Flow from Prior Year Operations	--	--	--	225,077	--
Cash Generated (Deficiency) after Cash Distributions	$ 92,110	$ 11,158	$ (183,315)	$ (227,520)	$ 225,077
Special Items (not including sales and financing):					
Source of Funds:					
General Partner Contributions	--	--	--	--	--
Increase in Limited Partner Contributions/(5)/	--	--	--	1,898,147	30,144,542
	$ 92,110	$ 11,158	$ (183,315)	$ 1,670,627	$ 30,369,619
Use of Funds:					
Sales Commissions and Offering Expenses	--	--	--	464,760	4,310,028
Return of Limited Partner's Investment	--	--	8,600	--	--
Property Acquisitions and Deferred Project Costs	0	1,850,859	10,675,811	7,931,566	6,618,273
Cash Generated (Deficiency) after Cash Distributions and Special Items	$ 92,110	$ (1,839,701)	$ (10,867,726)	$ (6,725,699)	$ 19,441,318
Net Income and Distributions Data per $1,000 Invested:					
Net Income on GAAP Basis:					
Ordinary Income (Loss)					
- Operations Class A Units	91	91	73	46	28
- Operations Class B Units	(247)	(212)	(150)	(47)	(3)
Capital Gain (Loss)	--	--	--	--	--
Tax and Distributions Data per $1,000 Invested:					
Federal Income Tax Results:					
Ordinary Income (Loss)					
- Operations Class A Units	88	89	65	46	17
- Operations Class B Units	154	(131)	(95)	(33)	(3)
Capital Gain (Loss)	--	--	--	--	--
Cash Distributions to Investors:					
Source (on GAAP Basis)					
- Investment Income Class A Units	87	83	54	43	--
- Return of Capital Class A Units	--	--	--	--	--
- Return of Capital Class B Units	--	--	--	--	--
Source (on Cash Basis)					
- Operations Class A Units	87	83	47	43	--
- Return of Capital Class A Units	--	--	7	0	--
- Operations Class B Units	--	--	--	--	--
Source (on a Priority Distribution Basis)/(5)/					
- Investment Income Class A Units	70	69	42	33	--
- Return of Capital Class A Units	17	16	12	10	--
- Return of Capital Class B Units	--	--	--	--	--
Amount (in Percentage Terms) Remaining Invested in Program Properties at the end of the Last Year Reported in the Table	100%				

(1) Includes $28,377 in equity in earnings of joint ventures and $374,051 from investment of reserve funds in 1995, $241,819 in equity in earnings of joint ventures and $815,875 from investment of reserve funds in 1996, $1,034,907 in equity in earnings of joint ventures and $169,111 from investment of reserve funds in 1997, $1,346,367 in equity in earnings of joint ventures and $16,146 from investment of reserve funds in 1998, and $1,360,494 in equity in earnings of joint ventures and $3 from investment of reserve funds in 1999. At December 31, 1999, the leasing status was 98% including developed property in initial lease up.
(2) Includes partnership administrative expenses.
(3) Included in equity in earnings of joint ventures in gross revenues is depreciation of $14,058 for 1995, $265,259 for 1996, $841,666 for 1997, $1,157,355 for 1998, and $1,209,171 for 1999.
(4) In accordance with the partnership agreement, net income or loss, depreciation and amortization are allocated $294,221 to Class A Limited Partners, $(20,104) to Class B Limited Partners and $(203) to the General Partners for 1995; $1,207,540 to Class A Limited Partners, $(270,653) to Class B Limited Partners and $(297) to the General Partners for 1996; $1,947,536 to Class A Limited Partners, $(844,969) to Class B Limited Partners and $0 to the General Partners for 1997; $2,431,246 to Class A Limited Partners, $(1,162,075) to Class B Limited Partners and $0 to the General Partners for 1998; and $2,481,559 to Class A Limited Partners, $(1,214,613) to Class B Limited Partners and $0 to the General Partners for 1999.
(5) Pursuant to the terms of the partnership agreement, an amount equal to the cash distributions paid to Class A Limited Partners is payable as priority distributions out of the first available net proceeds from the sale of partnership properties to Class B Limited Partners. The amount of cash distributions paid per unit to Class A Limited Partners is shown as a return of capital to the extent of such priority distributions payable to Class B Limited Partners. As of December 31, 1999, the aggregate amount of such priority distributions payable to Class B Limited Partners totaled $1,464,810.

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

	1999	1998	1997	1996	1995
Gross Revenues/(1)/	$ 1,593,734	$ 1,561,456	$ 1,199,300	$ 406,891	N/A
Profit on Sale of Properties	--	--	--	--	
Less: Operating Expenses/(2)/	90,903	105,251	101,284	101,885	
Depreciation and Amortization/(3)/	12,500	6,250	6,250	6,250	
Net Income GAAP Basis/(4)/	$ 1,490,331	$ 1,449,955	$ 1,091,766	$ 298,756	
Taxable Income: Operations	$ 1,924,542	$ 1,906,011	$ 1,083,824	$ 304,552	
Cash Generated (Used By):					
Operations	$ (94,403)	$ 80,147	$ 501,390	$ 151,150	
Joint Ventures	2,814,870	2,125,489	527,390	--	
	$ 2,720,467	$ 2,205,636	$ 1,028,780	$ 151,150	
Less Cash Distributions to Investors:					
Operating Cash Flow	2,720,467	2,188,189	1,028,780	149,425	
Return of Capital	15,528	--	41,834	--	
Undistributed Cash Flow From Prior Year Operations	17,447	--	1,725	--	
Cash Generated (Deficiency) after Cash Distributions	$ (32,975)	$ 17,447	$ (43,559)	$ 1,725	
Special Items (not including sales and financing):					
Source of Funds:					
General Partner Contributions	--	--	--	--	
Increase in Limited Partner Contributions	--	--	--	35,000,000	
	$ (32,975)	$ 17,447	$ (43,559)	$35,001,725	
Use of Funds:					
Sales Commissions and Offering Expenses	--	323,039	4,900,321		
Return of Original Limited Partner's Investment	--	--	100	--	
Property Acquisitions and Deferred Project Costs	190,853	9,455,554	13,427,158	6,544,019	
Cash Generated (Deficiency) after Cash Distributions and Special Items	$ (223,828)	$ (9,438,107)	$(13,793,856)	$23,557,385	

Net Income and Distributions Data per $1,000 Invested:				
Net Income on GAAP Basis:				
Ordinary Income (Loss)	89	88	53	28
- Operations Class A Units	(272)	(218)	(77)	(11)
- Operations Class B Units	--	--	--	--
Capital Gain (Loss)				
Tax and Distributions Data per $1,000 Invested:				
Federal Income Tax Results:				
Ordinary Income (Loss)				
- Operations Class A Units	86	85	46	26
- Operations Class B Units	(164)	(123)	(47)	(48)
Capital Gain (Loss)	--	--	--	--
Cash Distributions to Investors:				
Source (on GAAP Basis)				
- Investment Income Class A Units	88	73	36	13
- Return of Capital Class A Units	2	--	--	--
- Return of Capital Class B Units	--	--	--	--
Source (on Cash Basis)				
- Operations Class A Units	89	73	35	13
- Return of Capital Class A Units	1	--	1	--
- Operations Class B Units	--	--	--	--
Source (on a Priority Distribution Basis)/(5)/				
- Investment Income Class A Units	77	61	29	10
- Return of Capital Class A Units	13	12	7	3
- Return of Capital Class B Units	--	--	--	--
Amount (in Percentage Terms) Remaining Invested in Program Properties at the end of the Last Year Reported in the Table	100%			

(1) Includes $23,077 in equity in earnings of joint ventures and $383,884 from investment of reserve funds in 1996, and $593,914 in equity in earnings of joint ventures and $605,386 from investment of reserve funds in 1997, $1,481,869 in equity in earnings of joint ventures and $79,587 from investment of reserve funds in 1998, and $1,593,734 in equity in earnings of joint ventures and $0 from investment of reserve funds in 1999. At December 31, 1999, the leasing status was 100% including developed property in initial lease up.

(2) Includes partnership administrative expenses.

(3) Included in equity in earnings of joint ventures in gross revenues is depreciation of $25,286 for 1996, $469,126 for 1997, $1,143,407 for 1998, and $1,210,939 for 1999.

(4) In accordance with the partnership agreement, net income or loss, depreciation and amortization are allocated $330,270 to Class A Limited Partners, $(31,220) to Class B Limited Partners and $(294) to the General Partners for 1996; $1,564,778 to Class A Limited Partners, $(472,806) to Class B Limited Partners and $(206) to the General Partners for 1997; $2,597,938 to Class A Limited Partners, $(1,147,983) to Class B Limited Partners and $0 to the General Partners for 1998; and $2,713,636 to Class A Limited Partners, $(1,223,305) to Class B Limited Partners and $0 to the General Partners for 1999.

(5) Pursuant to the terms of the partnership agreement, an amount equal to the cash distributions paid to Class A Limited Partners is payable as priority distributions out of the first available net proceeds from the sale of partnership properties to Class B Limited Partners. The amount of cash distributions paid per unit to Class A Limited Partners is shown as a return of capital to the extent of such priority distributions payable to Class B Limited Partners. As of December 31, 1999, the aggregate amount of such priority distributions payable to Class B Limited Partners totaled $993,010.

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

	1999	1998	1997	1996	1995
Gross Revenues/(1)/	$ 1,309,281	$ 1,204,597	$ 372,507	N/A	N/A
Profit on Sale of Properties	--	--	--		
Less: Operating Expenses/(2)/	98,213	99,034	88,232		
Depreciation and Amortization/(3)/	18,750	55,234	6,250		

Net Income GAAP Basis/(4)/	$ 1,192,318	$ 1,050,329	$ 278,025
Taxable Income: Operations	$ 1,449,771	$ 1,277,016	$ 382,543
Cash Generated (Used By):			
Operations	(99,862)	300,019	200,668
Joint Ventures	2,175,915	886,846	--
	$ 2,076,053	$ 1,186,865	$ 200,668
Less Cash Distributions to Investors:			
Operating Cash Flow	2,067,801	1,186,865	--
Return of Capital	--	19,510	--
Undistributed Cash Flow From Prior Year Operations	--	200,668	--
Cash Generated (Deficiency) after Cash Distributions	$ 8,252	$ (220,178)	$ 200,668
Special Items (not including sales and financing):			
Source of Funds:			
General Partner Contributions	--	--	--
Increase in Limited Partner Contributions	--	--	27,128,912
	$ 8,252	$ (220,178)	$27,329,580
Use of Funds:			
Sales Commissions and Offering Expenses	--	300,725	3,737,363
Return of Original Limited Partner's Investment	--	--	100
Property Acquisitions and Deferred Project Costs	0	17,613,067	5,188,485
Cash Generated (Deficiency) after Cash Distributions and Special Items	$ 8,252	$(18,133,970)	$18,403,632
Net Income and Distributions Data per $1,000 Invested:			
Net Income on GAAP Basis:			
Ordinary Income (Loss)	97	85	28
- Operations Class A Units	(160)	(123)	(9)
- Operations Class B Units	--	--	--
Capital Gain (Loss)			
Tax and Distributions Data per $1,000 Invested:			
Federal Income Tax Results:			
Ordinary Income (Loss)			
- Operations Class A Units	92	78	35
- Operations Class B Units	(100)	(64)	0
Capital Gain (Loss)	--	--	--
Cash Distributions to Investors:			
Source (on GAAP Basis)			
- Investment Income Class A Units	95	66	--
- Return of Capital Class A Units	--	--	--
- Return of Capital Class B Units	--	--	--
Source (on Cash Basis)			
- Operations Class A Units	95	56	--
- Return of Capital Class A Units	--	10	--
- Operations Class B Units	--	--	--
Source (on a Priority Distribution Basis)/(5)/			
- Investment Income Class A Units	71	48	--
- Return of Capital Class A Units	24	18	--
- Return of Capital Class B Units	--	--	--
Amount (in Percentage Terms) Remaining Invested in Program Properties at the end of the Last Year Reported in the Table	100%		

(1) Includes $(10,035) in equity in earnings of joint ventures and $382,542 from investment of reserve funds in 1997, and $869,555 in equity in earnings of joint ventures and $215,042 from investment of reserve funds in 1998, and $1,309,281 in equity in earnings of joint ventures and $0 from investment of reserve funds in 1999. At December 31, 1999, the leasing status was 100% including developed property in initial lease up.

(2) Includes partnership administrative expenses.

(3) Included in equity in earnings of joint ventures in gross revenues is depreciation of $18,675 for 1997, $674,986 for 1998, and $891,911 for 1999.

(4) In accordance with the partnership agreement, net income or loss, depreciation and amortization are allocated $302,862 to Class A Limited Partners, $(24,675) to Class B Limited Partners and $(162) to the General Partners for 1997; $1,779,191 to Class A Limited Partners, $(728,524) to Class B Limited Partners and $(338) to General Partners for 1998; and $2,084,229 to Class A Limited Partners, $(891,911) to Class B Limited Partners and $0 to the General Partners for 1999.

(5) Pursuant to the terms of the partnership agreement, an amount equal to the cash distributions paid to Class A Limited Partners is payable as priority distributions out of the first available net proceeds from the sale of partnership properties to Class B Limited Partners. The amount of cash distributions paid per unit to Class A Limited Partners is shown as a return of capital to the extent of such priority distributions payable to Class B Limited Partners. As of December 31, 1999, the aggregate amount of such priority distributions payable to Class B Limited Partners totaled $909,527.

TABLE III (UNAUDITED)
OPERATING RESULTS OF PRIOR PROGRAMS
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 <u>Restrictions on Transfer.</u>

(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.

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.

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Until March 20, 2001 (90 days after the date of this prospectus), all dealers that affect transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the obligation of dealers to deliver a prospectus when acting as soliciting dealers.

We have not authorized any dealer, salesperson or other individual to give any information or to make any representations that are not contained in this prospectus. If any such information or statements are given or made, you should not rely upon such information or representation. This prospectus does not constitute an offer to sell any securities other than those to which this prospectus relates, or an offer to sell, or a solicitation of an offer to buy, to any person in any jurisdiction where such an offer or solicitation would be unlawful. This prospectus speaks as of the date set forth below. You should not assume that the delivery of this prospectus or that any sale made pursuant to

this prospectus implies that the information contained in this prospectus will remain fully accurate and correct as of any time subsequent to the date of this prospectus.

WELLS REAL ESTATE
INVESTMENT TRUST, INC.

Up to 125,000,000 Shares
of Common Stock
Offered to the Public

PROSPECTUS

WELLS INVESTMENT
SECURITIES, INC.

December 20, 2000

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 31 Other Expenses of Issuance and Distribution

Following is an itemized statement of the expenses of the offering and distribution of the securities to be registered, other than underwriting commissions:

	Amount
SEC Registration Fee	$ 372,241
NASD Filing Fee	30,500
Printing Expenses	2,000,000
Legal Fees and Expenses	500,000
Accounting Fees and Expenses	100,000
Blue Sky Fees and Expenses	157,273
Sales and Advertising Expenses	3,500,000
Seminars	6,600,000
Miscellaneous	5,339,986
Total*	$18,600,000

* Estimated.

Item 32 Sales to Special Parties

Not Applicable

Item 33 Recent Sales of Unregistered Securities

Not Applicable

Item 34 Indemnification of the Officers and Directors

The MCGL permits a Maryland corporation to include in its Articles of Incorporation a provision limiting the liability of its directors and officers to the corporation and its stockholders for money damages except for liability resulting from (a) actual receipt of an improper benefit or profit in money, property or services or (b) active and deliberate dishonesty established by a final judgement as being material to the cause of action.

Subject to the conditions set forth below, the Articles of Incorporation provide that Wells Real Estate Investment Trust, Inc. (the "Registrant") shall indemnify and hold harmless a Director, Advisor or Affiliate against any and all losses or liabilities reasonably incurred by such Director, Advisor or Affiliate in connection with or by reason of any act or omission performed or omitted to be performed on behalf of the Company in such capacity.

Under the Company's Articles of Incorporation, the Registrant shall not indemnify its Directors, Advisor or any Affiliate for any liability or loss suffered by the Directors, Advisors or Affiliates, nor shall it provide that the Directors, Advisors or Affiliates be held harmless for any loss or liability suffered by the Registrant, unless all of the following conditions are met: (i) the Directors, Advisor or Affiliates have

determined, in good faith, that the course of conduct which caused the loss or liability was in the best interests of the Registrant; (ii) the Directors, Advisor or Affiliates were acting on behalf of or performing services of the Registrant (iii) such liability or loss was not the result of (A) negligence or misconduct by the Directors, excluding the Independent Directors, Advisors or Affiliates; or (B) gross negligence or willful misconduct by the Independent Directors; and (iv) such indemnification or agreement to hold harmless is recoverable only out of the Registrant's net assets and not from Shareholders. Notwithstanding the foregoing, the Directors, Advisors or Affiliates and any persons acting as a broker-dealer shall not be indemnified by the Registrant for any losses, liability or expenses arising from or out of an alleged violation of federal or state securities laws by such party unless one or more of the following conditions are met: (i) there has been a successful adjudication on the merits of each count involving alleged securities law violations as to the particular indemnitee; (ii) such claims have been dismissed with prejudice on the merits by a court of competent jurisdiction as to the particular indemnitee; and (iii) a court of competent jurisdiction approves a settlement of the claims against a particular indemnitee and finds that indemnification of the settlement and the related costs should be made, and the court considering the request for indemnification has been advised of he position of the SEC and of the published position of any state securities regulatory authority in which securities of the Registrant were offered or sold as to indemnification for violations of securities laws.

The Articles of Incorporation provide that the advancement of Registrant funds to the Directors, Advisors or Affiliates for legal expenses and other costs incurred as a result of any legal action for which indemnification is being sought is permissible only if all of the following conditions are satisfied: (i) the legal action relates to acts or omissions with respect to the performance of duties or services on behalf of the Registrant; (ii) the legal action is initiated by a third party who is not a Shareholder or the legal action is initiated by a Shareholder acting in his or her capacity as such and a court of competent jurisdiction specifically approves such advancement; (iii) the Directors, Advisor or Affiliates undertake to repay the advanced funds to the Registrant together with the applicable legal rate of interest thereon, in cases in which such Directors, Advisor or Affiliates are found not to be entitled to indemnification.

The MGCL requires a Maryland corporation (unless its Articles of Incorporation provide otherwise, which the Registrant's Articles of Incorporation do not) to indemnify a director or officer who has been successful, on the merits or otherwise, in the defense of any proceeding to which he is made a party by reason of his service in that capacity. The MGCL permits a Maryland corporation to indemnify its present and former directors and

officers, among others, against judgements, penalties, fines, settlements and reasonable expenses actually incurred by them in connection with any proceeding to which they may be made a party by reason of their service in those or other capacities unless it is established that (a) the act or omission of the director or officer was material to the matter giving rise to the proceeding and (i) was committed in bad faith or (ii) was the result of active and deliberate dishonesty, (b) the director or officer actually received an improper personal benefit in money, property or services or (c) in the case of any criminal proceeding, the director or officer had reasonable cause to believe that the act or omission was unlawful. However, under the MGCL a Maryland corporation may not indemnify for an adverse judgment in a suit by or in the right of the corporation or for a judgment of liability on the basis that personal benefit was improperly received, unless in either case a court orders indemnification and then only for expenses. In addition, the MGCL permits a corporation to advance reasonable expenses to director or officer upon the corporation's receipt of (a) a written affirmation by the director or officer of his good faith belief that he has met the standard of conduct necessary for indemnification by the Registrant as authorized by the Bylaws and (b) a written undertaking by or on his behalf to repay the amount paid or reimbursed by the Registrant if it shall ultimately be determined that the standard of conduct was not met. Indemnification under the provisions of the MGCL is not deemed exclusive of any other rights, by indemnification or otherwise, to which an officer or director may be entitled under the Registrant's Articles of Incorporation or Bylaws, or under resolutions of stockholders or directors, contract or otherwise. It is the position of the Commission that indemnification of directors

and officers for liabilities arising under the Securities Act is against public policy and is unenforceable pursuant to Section 14 of the Securities Act.

The Registrant also has purchased and maintains insurance on behalf of all of its Directors and executive officers against liability asserted against or incurred by them in their official capacities with the Registrant, whether or not the Registrant is required or has the power to indemnify them against the same liability.

Item 35 Treatment of Proceeds from Stock Being Registered

Not Applicable

Item 36 Financial Statements and Exhibits

(a) Financial Statements:

The following financial statements of the Registrant are filed as part of this Registration Statement and included in the Prospectus:

Audited Financial Statements

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

Unaudited Financial Statements

(1) Balance Sheets as of September 30, 2000 and December 31, 1999,
(2) Statements of Income for the three months and nine months ended September 30, 2000 and 1999,
(3) Statements of Shareholders' Equity for the year ended December 31, 1999 and the nine months ended September 30, 2000,
(4) Statements of Cash Flows for the nine months ended September 30, 2000 and 1999, and
(5) Condensed Notes to Financial Statements.

The following financial statements relating to the acquisition of the 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 Wells Real Estate Investment Trust, Inc. are filed as part of this Registration Statement and are included in the Prospectus:

(1) Summary of Unaudited Pro Forma Financial Statements,
(2) Pro Forma Balance Sheet as of September 30, 2000,
(3) Pro Forma Statement of Income for the year ended December 31, 1999, and
(4) Pro Forma Statement of Income for the nine months ended September 30, 2000.

(b) Exhibits (See Exhibit Index):

Exhibit No.	Description
1.1	Form of Dealer Manager Agreement (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, 2000 (previously filed in

and incorporated by reference to Post-Effective Amendment No. 1 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-93933, filed on March 15, 2000)

10.3 Amended and Restated Property Management and Leasing Agreement among Registrant, Wells Operating Partnership, L.P. and Wells Management Company, Inc.

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

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

10.57 Second Note Modification Agreement relating to the SouthTrust Bank N.A. $12,844,000 revolving line of credit

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

10.59 Revolving Note relating to the SouthTrust Bank N.A. $19,003,000 revolving line of credit

10.60 Revolving Loan Agreement relating to the SouthTrust Bank N.A. $19,003,000 revolving line of credit

10.61 Leasehold Deed of Trust and Security Agreement with SouthTrust Bank N.A. relating to the Motorola Tempe Building and the Avnet Building

10.62 Amended and Restated Revolving Note relating to the SouthTrust Bank

N.A. $7,900,000 revolving line of credit

10.63	Amended and Restated Loan Agreement relating to the SouthTrust Bank N.A. $7,900,000 revolving line of credit
10.64	Credit Line Deed of Trust and Security Agreement to SouthTrust N.A. relating to the Alstom Power Richmond Building
10.65	First Amendment to Credit Line Deed of Trust and Security Agreement to SouthTrust N.A. relating to the Alstom Power Richmond Building
23.1	Consent of Holland & Knight LLP (included in exhibits 5.1 and 8.1)
23.2	Consent of Arthur Andersen LLP
24.1	Power of Attorney

Item 37 Undertakings

(a) The Registrant undertakes to file, during any period in which offers or sales are being made, a post-effective amendment to this Registration Statement (i) to include any prospectus required by Section 10(a)(3) of the Securities Act of 1933 (the "Act"); (ii) to reflect in the prospectus any facts or events arising after the effective date of this Registration Statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the Registration Statement; and (iii) to include any material information with respect to the plan of distribution not previously disclosed in the Registration Statement or any material change to such information in the Registration Statement, including (but not limited to) any addition or deletion of a managing underwriter.

(b) The Registrant undertakes (i) that, for the purpose of determining any liability under the Act, each such post-effective amendment may be deemed to be a new Registration Statement relating to the securities offered therein and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof, (ii) that all post-effective amendments will comply with the applicable forms, rules and regulations of the Commission in effect at the time such post-effective amendments are filed, and (iii) to remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(c) The Registrant undertakes to send to each shareholder, at least on an annual basis, a detailed statement of any transactions with the Advisor or its affiliates, and of fees, commissions, compensation and other benefits paid, or accrued to the Advisor or its affiliates, for the fiscal year completed, showing the amount paid or accrued to each recipient and the services performed.

(d) To file a sticker supplement pursuant to Rule 424(c) under the Act during the distribution period describing each property not identified in the prospectus at such time as there arises a reasonable probability that such property will be acquired and to consolidate all such stickers into a post-effective amendment filed at least once every three months with the information contained in such amendment provided simultaneously to the existing shareholders; each sticker supplement should disclose all compensation and fees received by the Advisor and its affiliates in connection with any such acquisition; the post-effective amendment shall include audited financial statements meeting the requirements of Rule 3-14 of Regulation S-X only for properties acquired during the distribution period.

(e) To file, after the end of the distribution period, a current report on Form 8-K containing the financial statements and any additional information required by Rule 3-14 of Regulation S-X, to reflect each commitment (i.e., the signing of a binding purchase agreement) made after the end of the distribution period involving the use of 10% or more (on a cumulative basis) of the net proceeds of the offering and to provide the information contained in such report to the shareholders at least once each quarter after the distribution period of the offering has ended.

(f) The Registrant undertakes to file the financial statements as required by Form 10-K for the first full fiscal year of operations and to provide each shareholder the financial statements required by Form 10-K for such year.

(g) The Registrant undertakes to distribute to each shareholder, within sixty (60) days after the close of each quarterly period, a copy of each report on Form 10-Q which is required to be filed with the Commission or a quarterly report containing at least as much information as the report on Form 10-Q.

(h) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

TABLE VI
ACQUISITIONS OF PROPERTIES BY PROGRAMS

The information contained on the following pages relates to acquisitions of properties within the past three years by the Wells REIT and prior programs with which Wells Capital, Inc., the Advisor to the Wells REIT, and its affiliates have been affiliated and which have substantially similar investment objectives to the Wells REIT. This table provides potential investors with information regarding the general nature and location of the properties and the manner in which the properties were acquired. None of the information in this Table VI has been audited.

TABLE VI

Wells Funds IX, X, XI and REIT

Name of property	Ohmeda Building
Location of property	Centennial Parkway, Louisville, Boulder County, Colorado

Type of property	Two-story office building
Size of parcel	15 acres
Gross leasable space	106,750 sq. feet
Date of commencement of operations/1/	Fund IX - February 12, 1996 Fund X - February 4, 1997 Fund XI - March 3, 1998 REIT - June 5, 1998
Date of purchase/2/	February 13, 1998
Mortgage financing at date of purchase	N/A
Cash down payment	$100,000
Contract purchase price plus acquisition fee	$10,331,644
Other cash expenditures expensed	N/A
Other cash expenditures capitalized/3/	$572,851
Total Acquisition Cost	$10,904,495

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/1/ The date minimum offering proceeds were obtained and funds became available for investment in properties.

/2/ The Fund IX-X Joint Venture acquired the Ohmeda Building on February 13, 1998, and on June 11, 1998, Wells Fund XI and Wells OP (the operating partnership of the Wells REIT) were admitted to the Fund IX-X Joint Venture as joint venture partners.

/3/ Includes improvements made after acquisitions through September 30, 2000.

TABLE VI (continued)

Wells Funds IX, X, XI and REIT

Name of property	Interlocken Building
Location of property	Highway 36, Broomfield, Boulder County, Colorado
Type of property	Three-story multi-tenant office building
Size of parcel	5.1 acres
Gross leasable space	51,974 sq. feet
Date of commencement of operations/4/	Fund IX - February 12, 1996 Fund X - February 4, 1997 Fund XI - March 3, 1998 REIT - June 5, 1998
Date of purchase/5/	March 20, 1998

Mortgage financing at date of purchase	N/A
Cash down payment	$50,000
Contract purchase price plus acquisition fee	$8,293,000
Other cash expenditures expensed	N/A
Other cash expenditures capitalized/6/	$447,766
Total Acquisition Cost	$8,740,766

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/4/ The date minimum offering proceeds were obtained and funds became available for investment in properties.

/5/ The Fund IX-X Joint Venture acquired the Interlocken Building on March 20, 1998, and on June 11, 1998, Wells Fund XI and Wells OP (the operating partnership of the Wells REIT) were admitted to the Fund IX-X Joint Venture as joint venture partners.

/6/ Includes improvements made after acquisitions through September 30, 2000.

TABLE VI (continued)

Wells Funds IX, X, XI and REIT

Name of property	Iomega Building
Location of property	2976 South Commerce Way, Ogden, Weber County, Utah
Type of property	One-story warehouse and office building
Size of parcel	8.03 acres
Gross leasable space	100,000 sq. feet
Date of commencement of operations/7/	Fund IX - February 12, 1996 Fund X - February 4, 1997 Fund XI - March 3, 1998 REIT - June 5, 1998
Date of purchase/8/	April 1, 1998
Mortgage financing at date of purchase	N/A
Cash down payment	$50,000
Contract purchase price plus acquisition fee	$5,050,425
Other cash expenditures expensed	N/A
Other cash expenditures	

capitalized/9/	$1,097,658
Total Acquisition Cost	$6,148,083

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/7/ The date minimum offering proceeds were obtained and funds became available for investment in properties.

/8/ Wells Fund X acquired the Iomega Building on April 1, 1998, and on June 24, 1998, Wells Fund X contributed the Iomega Building to the Fund IX-X-XI-REIT Joint Venture.

/9/ Includes improvements made after acquisitions through September 30, 2000.

TABLE VI (continued)

Wells Funds IX, X, XI and REIT

Name of property	Avaya Building
Location of property	14400 Hertz Quail Springs Parkway, Oklahoma City, Oklahoma
Type of property	One-story office building
Size of parcel	5.3 acres
Gross leasable space	57,186 sq. feet
Date of commencement of operations/10/	Fund IX - February 12, 1996 Fund X - February 4, 1997 Fund XI - March 3, 1998 REIT - June 5, 1998
Date of purchase	June 24, 1998
Mortgage financing at date of purchase	N/A
Cash down payment	$1,600,000
Contract purchase price plus acquisition fee	$5,504,276
Other cash expenditures expensed	N/A
Other cash expenditures capitalized/11/	$127,062
Total Acquisition Cost	$5,631,338

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/10/ The date minimum offering proceeds were obtained and funds became available for investment in properties.

/11/ Includes improvements made after acquisitions through September 30, 2000.

TABLE VI (continued)

Wells Funds X, XI and REIT

Name of property	Cort Furniture Building
Location of property	10700 Spencer Avenue, Fountain Valley, Orange County, California
Type of property	One-story office and warehouse building
Size of parcel	3.65 acres
Gross leasable space	52,000 sq. feet
Date of commencement of operations/12/	Fund X - February 4, 1997 Fund XI - March 3, 1998 REIT - June 5, 1998
Date of purchase	July 31, 1998
Mortgage financing at date of purchase	N/A
Cash down payment	$100,000
Contract purchase price plus acquisition fee	$6,548,000
Other cash expenditures expensed	N/A
Other cash expenditures capitalized/13/	$303,616
Total Acquisition Cost	$6,851,616

/12/ The date minimum offering proceeds were obtained and funds became available for investment in properties.

/13/ Includes improvements made after acquisitions through September 30, 2000.

TABLE VI (continued)

Wells Funds X, XI and REIT

Name of property	Fairchild Building
Location of property	47320 Kato Road, Fremont, Alameda County, California
Type of property	Two-story office and manufacturing building
Size of parcel	3.05 acres
Gross leasable space	58,424 sq. feet

Date of commencement of operations/14/	Fund X - February 4, 1997 Fund XI - March 3, 1998 REIT - June 5, 1998
Date of purchase	July 21, 1998
Mortgage financing at date of purchase	N/A
Cash down payment	$100,000
Contract purchase price plus acquisition fee	$8,960,000
Other cash expenditures expensed	N/A
Other cash expenditures capitalized/15/	$397,409
Total Acquisition Cost	$9,357,409

____

/14/ The date minimum offering proceeds were obtained and funds became available for investment in properties.

/15/ Includes improvements made after acquisitions through September 30, 2000.

TABLE VI (continued)

Wells REIT

Name of property	PricewaterhouseCoopers Building
Location of property	George Road, Tampa, Hillsborough County, Florida
Type of property	Four-story office building
Size of parcel	9 acres
Gross leasable space	130,091 sq. feet
Date of commencement of operations/16/	June 5, 1998
Date of purchase	December 31, 1998
Mortgage financing at date of purchase	$14,132,538
Cash down payment	$420,000
Contract purchase price plus acquisition fee	$21,226,463
Other cash expenditures expensed	N/A
Other cash expenditures capitalized/17/	$898,168

Total Acquisition Cost	$22,124,631

/16/ The date minimum offering proceeds were obtained and funds became available for investment in properties.

/17/ Includes improvements made after acquisitions through September 30, 2000.

TABLE VI (continued)

Wells REIT

Name of property	AT&T Building
Location of property	Progress Avenue and Interstate Drive, Harrisburg, Dauphin County, Pennsylvania
Type of property	Four-story office building
Size of parcel	10.5 acres
Gross leasable space	81,859 sq. feet
Date of commencement of operations/18/	June 5, 1998
Date of purchase	February 4, 1999
Mortgage financing at Date of purchase	$6,425,000
Cash down payment	$250,000
Contract purchase price plus acquisition fee	$12,531,900
Other cash expenditures expensed	N/A
Other cash expenditures capitalized/19/	$232,209
Total Acquisition Cost	$12,764,109

/18/ The date minimum offering proceeds were obtained and funds became available for investment in properties.

/19/ Includes improvements made after acquisitions through September 30, 2000.

TABLE VI (continued)

Wells REIT

Name of property	Matsushita Building

Location of property	Pacific Commercentre, Lake Forest, Orange County, California
Type of property	Construction of a two-story office building
Size of parcel	8.8 acres
Gross leasable space	150,000 sq. feet
Date of commencement of operations/20/	June 5, 1998
Date of purchase	March 15, 1999
Mortgage financing at date of purchase	N/A
Cash down payment	N/A
Contract purchase price plus acquisition fee	$4,577,485
Other cash expenditures expensed	N/A
Other cash expenditures capitalized/21/	$13,822,515
Total Acquisition Cost	$18,400,000

____

/20/ The date minimum offering proceeds were obtained and funds became available for investment in properties.

/21/ Includes improvements made after acquisitions through September 30, 2000.

TABLE VI (continued)

Wells Funds XI, XII and REIT

Name of property	EYBL CarTex Building
Location of property	111 SouthChase Boulevard in SouthChase Industrial Park, Fountain Inn, Greenville County, South Carolina
Type of property	Two-story manufacturing and office building
Size of parcel	11.94 acres
Gross leasable space	169,510 sq. feet
Date of commencement of operations/22/	Fund XI - March 3, 1998 Fund XII - June 1, 1999 REIT - June 5, 1998
Date of purchase	May 18, 1999
Mortgage financing at date of purchase	N/A

Cash down payment	$50,000
Contract purchase price plus acquisition fee	$5,122,000
Other cash expenditures expensed	N/A
Other cash expenditures capitalized/23/	$225,540
Total Acquisition Cost	$5,347,540

____

/22/ The date minimum offering proceeds were obtained and funds became available for investment in properties.

/23/ Includes improvements made after acquisitions through September 30, 2000.

TABLE VI (continued)

Wells Funds XI, XII and REIT

Name of property	Sprint Building
Location of property	Leawood, Kansas
Type of property	Three-story office building
Size of parcel	7.12 acres
Gross leasable space	68,900 sq. feet
Date of commencement of operations/24/	Fund XI - March 3, 1998 Fund XII - June 1, 1999 REIT - June 5, 1998
Date of purchase	July 2, 1999
Mortgage financing at date of purchase	N/A
Cash down payment	$1,000,000
Contract purchase price plus acquisition fee	$9,546,210
Other cash expenditures expensed	N/A
Other cash expenditures capitalized/25/	$398,299
Total Acquisition Cost	$9,944,509

____

/24/ The date minimum offering proceeds were obtained and funds became available for investment in properties.

/25/ Includes improvements made after acquisitions through September 30, 2000.

TABLE VI (continued)

Wells REIT

Name of property	Alstom Power Richmond Building
Location of property	Midlothian, Chesterfield County, Virginia
Type of property	Four-story office building
Size of parcel	7.49 acres
Gross leasable space	102,000 sq. feet
Date of commencement of operations/26/	June 5, 1998
Date of purchase	July 22, 1999
Mortgage financing at date of purchase	N/A
Cash down payment	$948,400
Contract purchase price plus acquisition fee	$948,400
Other cash expenditures expensed	N/A
Other cash expenditures capitalized/27/	$9,969,515
Total Acquisition Cost	$10,917,915

____

/26/ The date minimum offering proceeds were obtained and funds became available for investment in properties.

/27/ Includes the improvements made after acquisition through September 30, 2000.

TABLE VI (continued)

Wells Funds XI, XII and REIT

Name of property	Johnson Matthey Building
Location of property	434-436 Devon Park Drive, Tredyffrin, Chester County, Pennsylvania
Type of property	Research and development, office and warehouse building
Size of parcel	10.0 acres

Gross leasable space	130,000 sq. feet
Date of commencement of operations/28/	Fund XI - March 3, 1998 Fund XII - June 1, 1999 REIT - June 5, 1998
Date of purchase	August 17, 1999
Mortgage financing at date of purchase	N/A
Cash down payment	$200,000
Contract purchase price plus acquisition fee	$8,050,000
Other cash expenditures expensed	N/A
Other cash expenditures capitalized/29/	$342,077
Total Acquisition Cost	$8,392,077

____

/28/ The date minimum offering proceeds were obtained and funds became available for investment in properties.

/29/ Includes improvements made after acquisitions through September 30, 2000.

TABLE VI (continued)

Wells REIT

Name of property	Marconi Building
Location of property	Chancellory Business Park, Wood Dale, Illinois
Type of property	Two-story office, assembly and manufacturing building
Size of parcel	15.3 acres
Gross leasable space	250,354 sq. feet
Date of commencement of operations/30/	REIT - June 5, 1998
Date of purchase	September 10, 1999
Mortgage financing at date of purchase	N/A
Cash down payment	$500,000
Contract purchase price plus acquisition fee	$32,630,940

Other cash expenditures expensed	N/A
Other cash expenditures capitalized/31/	$1,912,472
Total Acquisition Cost	$34,543,412

____

/30/ The date minimum offering proceeds were obtained and funds became available for investment in properties.

/31/ Includes improvements made after acquisitions through September 30, 2000.

TABLE VI (continued)

Wells Funds XI, XII and REIT

Name of property	Gartner Building
Location of property	Fort Myers, Florida
Type of property	Two-story office building
Size of parcel	4.9 acres
Gross leasable space	62,400 sq. feet
Date of commencement of operations/32/	Fund XI - March 3, 1998 Fund XII - June 1, 1999 REIT - June 5, 1998
Date of purchase	September 20, 1999
Mortgage financing at date of purchase	N/A
Cash down payment	$500,000
Contract purchase price plus acquisition fee	$8,347,600
Other cash expenditures expensed	N/A
Other cash expenditures capitalized/33/	$347,824
Total Acquisition Cost	$8,695,424

____

/32/ The date minimum offering proceeds were obtained and funds became available for investment in properties.

/33/ Includes improvements made after acquisitions through September 30, 2000.

TABLE VI (continued)

Wells REIT

Name of property	Cinemark Building
Location of property	Plano, Collin County, Texas
Type of property	Five-story office building
Size of parcel	3.52 acres
Gross leasable space	118,108 sq. feet
Date of commencement of operations/34/	June 5, 1998
Date of purchase	December 21, 1999
Mortgage financing at date of purchase	N/A
Cash down payment	N/A
Contract purchase price plus acquisition fee	$21,826,900
Other cash expenditures expensed	N/A
Other cash expenditures capitalized/35/	$920,379
Total Acquisition Cost	$22,747,279

____

/34/ The date minimum offering proceeds were obtained and funds became available for investment in properties.

/35/ Includes improvements made after acquisitions through September 30, 2000.

Wells REIT

Name of property	Metris Building
Location of property	Tulsa, Tulsa County, Oklahoma
Type of property	Three-story office building
Size of parcel	14.6 acres
Gross leasable space	101,100 sq. feet
Date of commencement of operations/36/	June 5, 1998
Date of purchase	February 11, 2000
Mortgage financing at date of purchase	8,000,000

Cash down payment	$4,740,000
Contract purchase price plus acquisition fee	$12,740,000
Other cash expenditures expensed	N/A
Other cash expenditures capitalized/37/	$521,072
Total Acquisition Cost	$13,261,072

____

/36/ The date minimum offering proceeds were obtained and funds became available for investment in properties.

/37/ Includes improvements made after acquisitions through September 30, 2000.

TABLE VI (continued)

Wells REIT

Name of property	Dial Building
Location of property	15501 N. Dial Boulevard, Scottsdale, Maricopa County, Arizona
Type of property	Two-story office building
Size of parcel	8.8 acres (approximately)
Gross leasable space	129,689 sq. feet
Date of commencement of operations/38/	June 5, 1998
Date of purchase	March 29, 2000
Mortgage financing at date of purchase	$14,289,309
Cash down payment	$100,000
Contract purchase price plus acquisition fee	$14,289,309
Other cash expenditures expensed	N/A
Other cash expenditures capitalized/39/	$597,264
Total Acquisition Cost	$14,886,573

____

/38/ The date minimum offering proceeds were obtained and funds became available for investment in properties.

/39/ Includes improvements made after acquisitions through September 30, 2000.

TABLE VI (continued)

Wells REIT

Name of property	ASML Building
Location of property	8555 South River Parkway, Tempe, Maricopa County, Arizona
Type of property	Two-story office and warehouse building
Size of parcel	9.51 acres
Gross leasable space	95,133 sq. feet
Date of commencement of operations/40/	June 5, 1998
Date of purchase	March 29, 2000
Mortgage financing at date of purchase	$17,397,133
Cash down payment	$100,000
Contract purchase price plus acquisition fee	$17,397,133
Other cash expenditures expensed	N/A
Other cash expenditures capitalized/41/	$727,185
Total Acquisition Cost	$18,124,318

/40/ The date minimum offering proceeds were obtained and funds became available for investment in properties.

/41/ Includes improvements made after acquisitions through September 30, 2000.

Name of property	Motorola Tempe Building
Location of property	8075 South River Parkway, Tempe, Maricopa County, Arizona
Type of property	Two-story office building
Size of parcel	12.44 acres
Gross leasable space	133,225 sq. feet

Date of commencement of operations/42/	June 5, 1998
Date of purchase	March 29, 2000
Mortgage financing at date of purchase	$8,813,558
Cash down payment	$100,000
Contract purchase price plus acquisition fee	$16,036,219
Other cash expenditures expensed	N/A
Other cash expenditures capitalized/43/	$669,639
Total Acquisition Cost	$16,705,858

____

/42/ The date minimum offering proceeds were obtained and funds became available for investment in properties.

/43/ Includes improvements made after acquisitions through September 30, 2000.

TABLE VI (continued)

Wells Fund XII and REIT

Name of property	Siemens Building
Location of property	4685 Investment Drive, Troy, Oakland County, Michigan
Type of property	Three-story office building
Size of parcel	5.3 acres
Gross leasable space	71,054 sq. feet
Date of commencement of operations/44/	Fund XII - June 1, 1999 REIT - June 5, 1998
Date of purchase	May 10, 2000
Mortgage financing at date of purchase	N/A
Cash down payment	$400,000
Contract purchase price plus acquisition fee	$14,292,489
Other cash expenditures expensed	N/A
Other cash expenditures capitalized/45/	$1,440,430

Total Acquisition Cost	$12,852,059

____

/44/ The date minimum offering proceeds were obtained and funds became available for investment in properties.

/45/ Includes improvements made after acquisitions through September 30, 2000.

TABLE VI (continued)

Wells REIT

Name of property	Avnet Building
Location of property	8700 South Price Road, Tempe, Maricopa County, Arizona
Type of property	Two-story office building
Size of parcel	9.63 acres
Gross leasable space	132,070 sq. feet
Date of commencement of operations/46/	June 5, 1998
Date of purchase	June 12, 2000
Mortgage financing at date of purchase	N/A
Cash down payment	$100,000
Contract purchase price plus acquisition fee	$13,269,502
Other cash expenditures expensed	N/A
Other cash expenditures capitalized	N/A
Total Acquisition Cost	$13,269,502

____

/46/ The date minimum offering proceeds were obtained and funds became available for investment in properties.

TABLE VI (continued)

Wells REIT

Name of property	Delphi Building

Location of property	1441 West Long Lake Road, Troy, Oakland County, Michigan
Type of property	Three-story office building
Size of parcel	5.52 acres
Gross leasable space	107,152 sq. feet
Date of commencement of operations/47/	June 5, 1998
Date of purchase	June 29, 2000
Mortgage financing at date of purchase	$8,000,000
Cash down payment	N/A
Contract purchase price plus acquisition fee	$19,921,332
Other cash expenditures expensed	N/A
Other cash expenditures capitalized	N/A
Total Acquisition Cost	$19,921,332

____

/47/ The date minimum offering proceeds were obtained and funds became available for investment in properties .

TABLE VI (continued)

Wells REIT

Name of property	Motorola Plainfield Building
Location of property	1111 Durham Avenue, Plainfield, Middlesex County, New Jersey
Type of property	Three-story office building
Size of parcel	34.5 acres
Gross leasable space	236,710 sq. feet
Date of commencement of operations/48/	June 5, 1998
Date of purchase	November 1, 2000
Mortgage financing at date of purchase	$22,800,150
Cash down payment	$1,000,000
Contract purchase price plus acquisition fee	$33,814,566

Other cash expenditures expensed	N/A
Other cash expenditures capitalized	$424,760
Total Acquisition Cost	$34,239,326

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/48/ The date minimum offering proceeds were obtained and funds became available for investment in properties.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant certifies that it has reasonable grounds to believe that it meets all the requirements for filing on Form S-11 and has duly caused this Amendment No. 2 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 12th day of December, 2000.

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

By: /s/ Leo F. Wells, III

Leo F. Wells, III, President

Pursuant to the requirements of the Securities Act of 1933, this Amendment No. 2 to Registration Statement has been signed below on December 12, 2000 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 * Bud Carter (By Douglas P. Williams, as Attorney-in-fact)	Director
/s/ William H. Keogler, Jr. * William H. Keogler, Jr. (By Douglas P. Williams, as Attorney-in-fact)	Director
/s/ Donald S. Moss * Donald S. Moss (By Douglas P. Williams, as Attorney-in-fact)	Director
/s/ Walter W. Sessoms * Walter W. Sessoms (By Douglas P. Williams, as Attorney-in-fact)	Director
/s/ Neil H. Strickland * Neil H. Strickland (By Douglas P. Williams, as Attorney-in-fact)	Director

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

EXHIBIT INDEX

Exhibit No.	Description
1.1	Form of Dealer Manager Agreement (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, 2000 (previously filed in and incorporated by reference to Post-Effective Amendment No. 1 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-93933, filed on March 15, 2000)
10.3	Amended and Restated Property Management and Leasing Agreement among Registrant, Wells Operating Partnership, L.P. and Wells Management Company, Inc., filed herewith
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 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, filed herewith
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, filed herewith
10.57	Second Note Modification Agreement relating to the SouthTrust Bank N.A. $12,844,000 revolving line of credit, filed herewith
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, filed herewith
10.59	Revolving Note relating to the SouthTrust N.A. $19,003,000 revolving line of credit, filed herewith
10.60	Revolving Loan Agreement relating to the SouthTrust Bank N.A. $19,003,000 revolving line of credit, filed herewith
10.61	Leasehold Deed of Trust and Security Agreement with SouthTrust Bank N.A. relating to the Motorola Tempe Building and the Avnet Building, filed herewith
10.62	Amended and Restated Revolving Note relating to the SouthTrust Bank N.A. $7,900,000 revolving line of credit, filed herewith
10.63	Amended and Restated Loan Agreement relating to the SouthTrust Bank N.A. $7,900,000 revolving line of credit, filed herewith
10.64	Credit Line Deed of Trust and Security Agreement to SouthTrust Bank N.A. relating to the Alstom Power Richmond Building, filed herewith
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, filed herewith
23.1	Consent of Holland & Knight LLP (included in exhibits 5.1 and 8.1)
23.2	Consent of Arthur Andersen LLP, filed herewith
24.1	Power of Attorney, filed herewith

EXHIBIT 10.3

AMENDED AND RESTATED

PROPERTY MANAGEMENT AND LEASING AGREEMENT

AMENDED AND RESTATED
PROPERTY MANAGEMENT AND LEASING AGREEMENT

THIS AMENDED AND RESTATED PROPERTY MANAGEMENT AND LEASING AGREEMENT ("Management Agreement") is made and entered into as of the 1/st/ day of December, 2000, by and among WELLS REAL ESTATE INVESTMENT TRUST, INC., a Maryland corporation ("Wells REIT"), WELLS OPERATING PARTNERSHIP, L.P., a Delaware limited partnership ("Owner"), and WELLS MANAGEMENT COMPANY, INC., a Georgia corporation with offices in Norcross, Georgia ("Manager").

W I T N E S S E T H:

WHEREAS, the Owner was organized to acquire, own, operate, lease and manage real estate properties on behalf of Wells REIT; and

WHEREAS, Wells REIT and Manager previously entered into that certain Management Agreement dated January 30, 1998 (the "Original Management Agreement") and that certain Leasing and Tenant Coordinating Agreement dated January 30, 1998 (the "Original Leasing Agreement"); and

WHEREAS, Wells REIT intends to continue to raise money from the sale of its common stock to be used, net of payment of certain offering costs and expenses, for investment in the acquisition or construction of income-producing real estate to be acquired and held by Owner on behalf of Wells REIT; and

WHEREAS, Owner intends to continue to retain Manager to manage and coordinate the leasing of the real estate properties acquired by Owner under the terms and conditions set forth in this Management Agreement; and

WHEREAS, the parties desire to amend certain provisions of the Original Management Agreement and the Original Leasing Agreement to better represent the intent and understanding of the parties and to provide for certain additional limitations upon the compensation payable by Owner to Manager hereunder; and

WHEREAS, the parties desire to amend and restate the Original Management Agreement and the Original Leasing Agreement in its entirety in a single agreement in accordance with the terms and provisions hereof.

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound hereby, do hereby agree, and the Original Management Agreement and the Original Leasing Agreement are hereby amended and restated in their entirety, as follows:

ARTICLE I.
DEFINITIONS

Except as otherwise specified or as the context may otherwise require, the following terms have the respective meanings set forth below for all purposes of this Management Agreement, and the definitions of such terms are equally applicable both to the singular and plural forms thereof:

1.1 "Affiliate" means a person who is (i) in the case of an individual, any relative of such person, (ii) any officer, director, trustee, partner, manager, employee or holder of ten percent (10%) or more of any class of the voting securities of or equity interest in such person; (iii) any corporation, partnership, limited liability company, trust or other entity controlling, controlled by or under common control with such person; or (iv) any officer, director, trustee, partner, manager, employee or holder of ten percent (10%) or more of the outstanding voting securities of any corporation, partnership, limited liability company, trust or other entity controlling, controlled by or under common control with such person. For purposes of this definition, the term "controls," "is controlled by," or "is under common control with" shall mean the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of an entity, whether through the ownership of voting rights, by contract or otherwise.

1.2 "Gross Revenues" means all amounts actually collected as rents or other charges for the use and occupancy of the Properties, but shall exclude interest and other investment income of Owner and proceeds received by Owner for a sale, exchange, condemnation, eminent domain taking, casualty or other disposition of assets of Owner.

1.3 "Improvements" means buildings, structures, equipment from time to time located on the Properties and all parking and common areas located on the Properties.

1.4 "Lease" means, unless the context otherwise requires, any lease or sublease made by Owner as landlord or by its predecessor.

1.5 "Management Fees" has the meaning set forth in Section 4.1 hereof.

1.6 "Owner" means Wells Operating Partnership, L.P. and any joint venture, limited liability company or other Affiliate of Wells Operating Partnership, L.P. that owns, in whole or in part, on behalf of Wells REIT, any Improvements.

1.7 "Properties" means all real estate properties owned by Owner and all tracts as yet unspecified but to be acquired by Owner containing income-producing improvements or on which Owner will construct income-producing improvements.

ARTICLE II.
APPOINTMENT OF MANAGER; SERVICES TO BE PERFORMED

2.1 Appointment of Manager. Owner hereby engages and retains Manager as the sole and exclusive manager and as tenant coordinating agent of the Properties and Manager hereby accepts such appointment on the terms and conditions hereinafter set forth, it being understood that this Management Agreement shall cause Manager to be, at law, Owner's agent upon the terms contained herein.

2.2 General Duties. Manager shall devote its best efforts to performing its duties hereunder to manage, operate, maintain and lease the Properties in a diligent, careful and vigilant manner. The services of Manager are to be of scope and quality not less than those generally performed by professional property managers of other similar properties in the area. Manager shall make available to Owner the full benefit of the judgment, experience and advice of the members of Manager's organization and staff with respect to the policies to be pursued by Owner relating to the operation and leasing of the Properties.

2.3 Specific Duties. Manager's duties include the following:

(a) Lease Obligations. Manager shall perform all duties of the

landlord under all leases insofar as such duties relate to operation, maintenance, and day-to-day management. Manager shall also provide or cause to be provided, at Owner's expense, all services normally provided to tenants of like premises, including where applicable and without limitation, gas, electricity or other utilities required to be furnished to tenants under leases, normal repairs and maintenance, and cleaning, and janitorial service. Manager shall arrange for and supervise the performance of all installations and improvements in space leased to any tenant which are either expressly required under the terms of the lease of such space or which are customarily provided to tenants.

(b) Maintenance. Manager shall cause the Properties to be maintained in the same manner as similar properties in the area. Manager's duties and supervision in this respect shall include, without limitation, cleaning of the interior and the exterior of the Improvements and the public common areas on the Properties and the making and supervision of repair, alterations, and decoration of the Improvements, subject to and in strict compliance with this Management Agreement and the Leases. Construction activities undertaken by the Manager, if any, will be limited to activities related to the management, operation, maintenance, and leasing of the Property (e.g., repairs, renovations, and leasehold improvements).

(c) Leasing Functions. Manager shall coordinate the leasing of the Properties and shall negotiate and use its best efforts to secure executed leases from qualified tenants, and to execute same on behalf of Owner, if requested, for available space in the Properties, such leases to be in form and on terms approved by Owner and Manager, and to bring about complete leasing of the Properties. Manager shall be responsible for the hiring of all leasing agents, as necessary for the leasing of the Properties, and to otherwise oversee and manage the leasing process on behalf of the Owner.

(d) Notice of Violations. Manager shall forward to Owner promptly upon receipt all notices of violation or other notices from any governmental authority, and board of fire underwriters or any insurance company, and shall make such recommendations regarding compliance with such notice as shall be appropriate.

(e) Personnel. Any personnel hired by Manager to maintain, operate and lease the Property shall be the employees or independent contractors of Manager and not of the Owner. Manager shall use due care in the selection and supervision of such employees or independent contractors. Manager shall be responsible for the preparation of and shall timely file all payroll tax reports and timely make payments of all withholding and other payroll taxes with respect to each employee.

(f) Utilities and Supplies. Manager shall enter into or renew contracts for electricity, gas, steam, landscaping, fuel, oil, maintenance and other services as are customarily furnished or rendered in connection with the operation of similar rental property in the area.

(g) Expenses. Manager shall analyze all bills received for services, work and supplies in connection with the maintaining and operating the Properties, pay all such bills, and, if requested by Owner, pay, when due, utility and water charges, sewer rent and assessments, and any other amount payable in respect to the Properties. All bills shall be paid by Manager within the time required to obtain discounts, if any. Owner may from time to time request that Manager forward certain bills to Owner promptly after receipt, and Manager shall comply with any such request. It is understood that the payment of real property taxes and assessment and insurance premiums will be paid out of the Account (as hereinafter defined) by Manager. All expenses shall be billed at net cost (i.e., less all rebates, commissions, discounts and allowances,

however designed).

(h) <u>Monies Collected</u>. Manager shall collect all rent and other monies from tenants and any sums otherwise due Owner with respect to the Properties in the ordinary course of business. In collecting such monies, Manager shall inform tenants of the Properties that all remittances are to be in the form of a check or money order. Owner authorizes Manager to request, demand, collect and receipt for all such rent and other monies and to institute legal proceedings in the name of Owner for the collection thereof and for the dispossession of any tenant in default under its lease.

(i) <u>Banking Accommodations</u>. Manager shall establish and maintain a separate checking account (the "Account") for funds relating to the Properties. All monies deposited from time to time in the Account shall be deemed to be trust funds and shall be and remain the property of Owner and shall be withdrawn and disbursed by Manager for the account of Owner only as expressly permitted by this Management Agreement for the purposes of performing the obligations of Manager hereunder. No monies collected by Manager on Owner's behalf shall be commingled with funds of Manager. The Account shall be maintained, and monies shall be deposited therein and withdrawn therefrom, in accordance with the following:

(i) All sums received from rents and other income from the Properties shall be promptly deposited by Manager in the Account. Manager shall have the right to designate two or more persons who shall be authorized to draw against the Account, but only for purposes authorized by this Management Agreement.

(ii) All sums due to Manager hereunder, whether for compensation, reimbursement for expenditures, or otherwise, as herein provided, shall be a charge against the operating revenues of the Properties and shall be paid and/or withdrawn by Manager from the Account prior to the making of any other disbursements therefrom.

(iii) By the 30th day of the first month following each calendar quarter, Manager shall forward to Owner net operating proceeds from the preceding quarter, retaining at all times, however a reserve of $5,000, in addition to any amounts otherwise provided in the budget.

(j) <u>Tenant Complaints</u>. Manager shall maintain business-like relations with the tenants of the Properties.

(k) <u>Ownership Agreements</u>. Manager has received copies of Agreements of Limited Partnership, Joint Venture Partnership Agreements and Operating Agreements of Owner (the "Ownership Agreements") and is familiar with the terms thereof. Manager shall use reasonable care to avoid any act or omission which, in the performance of its duties hereunder, shall in any way conflict with the terms of the Ownership Agreements.

(l) <u>Signs</u>. Manager shall place and remove, or cause to be placed and removed, such signs upon the Properties as Manager deems appropriate, subject, however, to the terms and conditions of the leases and to any applicable ordinances and regulations.

2.4 <u>Approval of Leases, Contracts, Etc.</u> In fulfilling its duties to the Owner, Manager may and hereby is authorized to enter into any leases, contracts or agreements on behalf of the Owner in the ordinary course of the management, operation, maintenance and leasing of the Property.

2.5 Accounting, Records and Reports.

(a) Records. Managers shall maintain all office records and books of account and shall record therein, and keep copies of, each invoice received from services, work and supplies ordered in

connection with the maintenance and operation of the Properties. Such records shall be maintained on a double entry basis. Owner and persons designated by Owner shall at all reasonable time have access to and the right to audit and make independent examinations of such records, books and accounts and all vouchers, files and all other material pertaining to the Properties and this Management Agreement, all of which Manager agrees to keep safe, available and separate from any records not pertaining to the Properties, at a place recommended by Manager and approved by Owner.

(b) Quarterly Reports. On or before the 30th day of the first month following each calendar quarter for which such report or statement is prepared and during the term of this Management Agreement, Manager shall prepare and submit to Owner the following reports and statements:

(i) Rental collection record;

(ii) Quarterly operating statement;

(iii) Copy of cash disbursements ledger entries for such period, if requested;

(iv) Copy of cash receipts ledger entries for such period, if requested;

(v) The original copies of all contracts entered into by Manager on behalf of Owner during such period, if requested; and

(vi) Copy of ledger entries for such period relating to security deposits maintained by Manager, if requested.

(c) Budgets and Leasing Plans. Not later than November 15 of each calendar year, Manager shall prepare and submit to Owner for its approval an operating budget and a marketing and leasing plan on the Properties for the calendar year immediately following such submission. The budget and leasing plan shall be in the form of the budget and plan approved by Owner prior to the date thereof. As often as reasonably necessary during the period covered by any such budget, Manager may submit to Owner for its approval an updated budget or plan incorporating such changes as shall be necessary to reflect cost over-runs and the like during such period. If Owner does not disapprove any such budget within 30 days after receipt thereof by Owner, such budget shall be deemed approved. If Owner shall disapprove any such budget or plan, it shall so notify Manager within said 30-day period and explain the reasons therefor. Manager will not incur any costs other than those estimated in any budget except for:

(1) tenant improvements and real estate commissions required under a lease;

(2) maintenance or repair costs under $5,000;

(3) costs incurred in emergency situations in which action is immediately necessary for the preservation or safety of the Property, or for the safety of occupant or other person (or to avoid the suspension of any necessary service of the Property);

(4) expenditures for real estate taxes and assessment; and

(5) maintenance supplies calling for an aggregate purchase price less than $25,000.

(d) Returns Required by Law. Manager shall execute and file when due all forms, reports, and returns required by law relating to the employment of its personnel.

(e) Notices. Promptly after receipt, Manager shall deliver to Owner all notices, from any tenant, or any governmental authority, that are not a routine nature. Managers shall also report expeditiously to Owner notice of any extensive damage to any part of the Properties.

ARTICLE III.
EXPENSES

3.1 Owner's Expenses. Except as otherwise specifically provided, all costs and expenses incurred hereunder by Manager in fulfilling its duties to Owner shall be for the account of and on behalf of Owner. Such costs and expenses may include reasonable wages and salaries and other employee-related expenses of all on-site and off-site employees of Manager who are engaged in the operation, management, maintenance and leasing or access control of the Properties, including taxes, insurance and benefits relating to such employees, and legal, travel and other out-of-pocket expenses which are directly related to the management of specific Properties. All costs and expenses for which Owner is responsible under this Management Agreement shall be paid by Manager out of the Account. In the event said account does not contain sufficient funds to pay all said expenses, Owner shall fund all sums necessary to meet such additional costs and expenses.

3.2 Manager's Expenses. Manager shall, out of its own funds, pay all of its general overhead and administrative expenses.

ARTICLE IV.
MANAGER'S COMPENSATION

4.1 Management Fees. Commencing on the date hereof, Owner shall pay Manager property management and leasing fees in an amount equal to four and one-half percent (4.5%) of Gross Revenues (the "Management Fees") on a monthly basis from the rental income received from the Properties over the term of this Management Agreement; provided, however, the Management Fees shall not exceed the lesser of: (A) 4.5% of Gross Revenues, or (B) 0.6% of the net asset value of the Properties (excluding vacant properties) owned by Owner, calculated on an annual basis. For purposes of this calculation, net asset value shall be defined as the excess of (i) the aggregate of the fair market value of all the Properties owned by Owner (excluding vacant properties), over (ii) the aggregate outstanding debt of Owner (excluding debt having maturities of one year of less). Manager's compensation under this Section 4.1 shall apply to all renewals, extensions or expansions of leases which Manager has originally negotiated; and for planning and coordinating the construction of any tenant finish along with Owner or any architect, contractor or other authorized person, the payment for which shall be the responsibility of the tenant, Manager shall be entitled to receive from any such tenant an amount equal to 5% of the amount as remitted by the tenant to Owner or to a representative of Owner in payment for such construction.

4.2 Initial Lease-Up Fee. In addition to the compensation paid to Manager under Section 4.1 above, Manager shall be entitled to receive 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. For this purpose, a total rehabilitation shall be included in the phrase "newly constructed."

4.3 Audit Adjustment. If any audit of the records, books or accounts relating to the Properties discloses an overpayment or underpayment of Management Fees, Owner or Manager shall promptly pay to the other party the amount of such overpayment or underpayment, as the case may be. If such audit

discloses an overpayment of Management Fees for any fiscal year of more than the correct Management Fees for such fiscal year, Manager shall bear the cost of such audit.

ARTICLE V.
INSURANCE AND INDEMNIFICATION

5.1 Insurance to be Carried.

(a) Manager shall obtain and keep in full force and effect insurance on the Properties against such hazards as Owner and Manager shall deem appropriate, but in any event insurance sufficient to comply with the leases and the Ownership Agreements shall be maintained. All liability policies shall provide sufficient insurance satisfactory to both Owner and Manager and shall contain waivers of subrogation for the benefit of Manager.

(b) Manager shall obtain and keep in full force and effect, in accordance with the laws of the state in which each Property is located, employer's liability insurance applicable to and covering all employees of Manager at the Properties and all persons engaged in the performance of any work required hereunder, and Manager shall furnish Owner certificates of insurers naming Owner as a co-insured and evidencing that such insurance is in effect. If any work under this Management Agreement is subcontracted as permitted herein, Manager shall include in each subcontract a provision that the subcontractor shall also furnish Owner with such a certificate.

5.2 Cooperation with Insurers. Manager shall cooperate with and provide reasonable access to the Properties to representatives of insurance companies and insurance brokers or agents with respect to insurance which is in effect or for which application has been made. Manager shall use its best efforts to comply with all requirements of insurers.

5.3 Accidents and Claims. Manager shall promptly investigate and shall report in detail to Owner all accidents, claims for damage relating to the ownership, operation or maintenance of the Properties, and any damage or destruction to the Properties and the estimated costs of repair thereof, and shall prepare for approval by Owner all reports required by an insurance company in connection with any such accident, claim, damage, or destruction. Such reports shall be given to Owner promptly and any report not so given within 10 days after the occurrence of any such accident, claim, damage or destruction shall be noted in the monthly report delivered to Owner pursuant to section 2.5(b). Manager is authorized to settle any claim against an insurance company arising out of any policy and, in connection with such claim, to execute proofs of loss and adjustments of loss and to collect and receipt for loss proceeds.

5.4 Indemnification. Manager shall hold Owner harmless from and indemnify and defend Owner against any and all claims or liability for any injury or damage to any person or property whatsoever for which Manager is responsible occurring in, on, or about the Properties, including, without limitation, the Improvements when such injury or damage shall be caused by the negligence of Manager, its agents, servants, or employees, except to the extent that Owner recovers insurance proceeds with respect to such matter. Owner will indemnify and hold Manager harmless against all liability for injury to persons and damage to property caused by Owner's negligence and which did not result from the negligence of misconduct of Manager, except to the extent Manager recovers insurance proceeds with respect to such matter.

ARTICLE VI.
TERM, TERMINATION

6.1 Term. This Agreement shall commence on the date first above written and shall continue until terminated in accordance with the earliest to occur of the following:

(a) One year from the date of the commencement of the term hereof. However, this Management Agreement will be automatically extended for an additional one year period at the end of each year unless Owner or Manager gives sixty (60) days written notice of its intention to terminate the Management Agreement; or

(b) Immediately upon the occurrence of any of the following:

(i) A decree or order is rendered by a court having jurisdiction (A) adjudging Manager as bankrupt or insolvent, or (B) approving as properly filed a petition seeking reorganization, readjustment, arrangement, composition or similar relief for Manager under the federal bankruptcy laws or any similar applicable law or practice, or (C) appointing a receiver or liquidator or trustee or assignee in bankruptcy or insolvency of Manager or a substantial part of the property of Manager, or for the winding up or liquidation of its affairs, or

(ii) Manager (A) institutes proceedings to be adjudicated a voluntary bankrupt or an insolvent, (B) consents to the filing of a bankruptcy proceeding against it, (C) files a petition or answer or consent seeking reorganization, readjustment, arrangement, composition or relief under any similar applicable law or practice, (D) consents to the filing of any such petition, or to the appointment of a receiver or liquidator or trustee or assignee in bankruptcy or insolvency for it or for a substantial part of its property, (E) makes an assignment for the benefit of creditors, (F), is unable to or admits in writing its inability to pay its debts generally as they become due unless such inability shall be the fault of Owner, or (G) takes corporate or other action in furtherance of any of the aforesaid purposes.

Upon termination, the obligations of the parties hereto shall cease, provided that Manager shall comply with the provisions hereof applicable in the event of termination and shall be entitled to receive all compensation which may be due Manager hereunder up to the date of such termination, and provided, further, that if this Management Agreement terminates pursuant to clause (c) above, Owner shall have other remedies as may be available at law or in equity.

6.2 Manager's Obligations after Termination. Upon the termination of this Management Agreement, Manager shall have the following duties:

(a) Manager shall deliver to Owner, or its designee, all books and

records with respect to the Properties.

(b) Manager shall transfer and assign to Owner, or its designee, all service contracts and personal property relating to or used in the operation and maintenance of the Properties, except personal property paid for and owned by Manager. Manager shall also, for a period of sixty (60) days immediately following the date of such termination, make itself available to consult with and advise Owner, or its designee, regarding the operation, maintenance and leasing of the Properties.

(c) Manager shall render to Owner an accounting of all funds of Owner in its possession and shall deliver to Owner a statement of Management Fees claimed to be due Manager and shall cause funds of Owner held by Manager relating to the Properties to be paid to Owner or its designee.

ARTICLE VII.
MISCELLANEOUS

7.1 Notices. All notices, approvals, consents and other communications hereunder shall be in writing, and, except when receipt is required to start the running of a period of time, shall be deemed given when delivered in person or on the fifth day after its mailing by either party by registered or certified United States mail, postage prepaid and return receipt requested, to the other party, at the addresses set forth after their respect name below or at such different addresses as either party shall have theretofore advised the other party in writing in accordance with this Section 7.1.

Owner: WELLS OPERATING PARTNERSHIP, L.P.
C/O WELLS REAL ESTATE INVESTMENT TRUST, INC.
6200 The Corners Parkway, Suite 250
Norcross, Georgia 30092

Manager: WELLS MANAGEMENT COMPANY, INC.
6200 The Corners Parkway, Suite 250
Norcross, Georgia 30092
Attention: Vice President of Property Management

7.2 Governing Law. This Management Agreement shall be governed by and construed in accordance with the laws of the State of Georgia.

7.3 Assignment. Manager may delegate partially or in full its duties and rights under this Management Agreement but only with the prior written consent of Owner. Except as provided in the immediately preceding sentence, this Management Agreement shall be binding upon and shall inure to the benefit of the parties and their respective successors and assigns.

7.4 No Waiver. The failure of Owner to seek redress for violation or to insist upon the strict performance of any covenant or condition of this Management Agreement shall not constitute a waiver thereof for the future.

7.5 Amendments. This Management Agreement may be amended only by an instrument in writing signed by the party against whom enforcement of the amendment is sought.

7.6 Headings. The headings of the various subdivisions of this Management Agreement are for reference only and shall not define or limit any of the terms or provisions hereof.

7.7 Counterparts. This Management Agreement may be executed in two or more counterparts, each of which shall be deemed an original, and it shall not be necessary in making proof of this Management Agreement to produce or account for more than one such counterpart.

7.8 Entire Agreement. This Management Agreement contains the entire understanding and all agreements between Owner and Manager respecting the management of the Properties. There are no representations, agreements, arrangements or understandings, oral or written, between Owner and Manager relating to the management of the Properties that are not fully expressed herein.

7.9 Disputes. If there shall be a dispute between Owner and Manager relating to this Management Agreement resulting in litigation, the prevailing party in such litigation shall be entitled to recover from the other party to such litigation such amount as the court shall fix as reasonable attorneys' fees.

7.10 Activities of Manager. The obligations of Manager pursuant to the terms and provisions of this Management Agreement shall not be construed to preclude Manager from engaging in other activities or business ventures, whether or not such other activities or ventures are in competition with the Owner or the business of Owner.

7.11 Independent Contractor. Manager and Owner shall not be construed as joint venturers or partners of each other pursuant to this Management Agreement, and neither shall have the power to bind or obligate the other except as set forth herein. In all respects, the status of Manger to Owner under this Agreement is that of an independent contractor.

[Signatures appear on next page]

IN WITNESS WHEREOF, the parties have executed this Amended and Restated Property Management and Leasing Agreement as of the date first above written.

WELLS REIT:

WELLS REAL ESTATE INVESTMENT TRUST, INC.

By: /s/ Douglas P. Williams

Name: Douglas P. Williams

Title: Executive Vice President

OWNER:

WELLS OPERATING PARTNERSHIP, L.P.

By: Wells Real Estate Investment Trust, Inc.
(As General Partner of Wells Operating Partnership, L.P.)

By: /s/ Douglas P. Williams

Name: Douglas P. Williams

Title: Executive Vice President

MANAGER:

WELLS MANAGEMENT COMPANY, INC.

By: /s/ M. Scott Meadows

Name: M. Scott Meadows

Title: SR VP

EXHIBIT 10.55

ALLONGE TO REVOLVING NOTE
RELATING TO THE SOUTHTRUST BANK N.A. $32,393,000 REVOLVING LINE OF CREDIT

ALLONGE TO REVOLVING NOTE

Re: Revolving Note dated May 3, 2000, payable by WELLS OPERATING PARTNERSHIP, L.P., a Delaware limited partnership ("Borrower"), to order of SouthTrust Bank, National Association ("Lender") in the principal amount of $35,000,000.00 (the "Note")

Pursuant to Section 2(a) of that certain First Amendment to Revolving Loan Agreement and Other Loan Documents of even date herewith between Borrower and Lender (the "Amendment"), Borrower hereby executes this Allonge for the purpose of amending the above-referenced Note in the following respects:

(a) Notwithstanding anything to the contrary in the Note, at no time shall the maximum principal indebtedness under the Note exceed the amount of $32,393,000.00.

(b) Effective as of the expiration of the current Interest Period (as defined in the Note), the definition of "Applicable Spread" set forth on page one (1) of the Note is hereby deleted in its entirety and the following is inserted in lieu thereof:

""Applicable Spread" shall mean one and seventy-five hundredths percent (1.75%)."

Except as herein amended, the Note shall remain in full force and effect. The terms and conditions of the Amendment are hereby incorporated by reference into this Allonge in their entirety. This Allonge shall be attached to and constitute a part of the Note.

IN WITNESS WHEREOF, Borrower has caused its duly authorized representatives to execute this Allonge under seal as of the 15/th/ day of December, 2000.

WELLS OPERATING PARTNERSHIP, L.P., a Delaware limited partnership

By: Wells Real Estate Investment Trust, Inc., a Maryland corporation, Its sole General Partner

By: /s/ Douglas P. Williams

Name: Douglas P. Williams

Title: Executive Vice President

[Affix corporate seal]

EXHIBIT 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

FIRST AMENDMENT TO REVOLVING LOAN AGREEMENT AND OTHER LOAN DOCUMENTS

THIS FIRST AMENDMENT TO REVOLVING LOAN AGREEMENT AND OTHER LOAN DOCUMENTS (this "Amendment") is entered into as of the 15/th/ day of December, 2000, by and between WELLS OPERATING PARTNERSHIP, L.P., a Delaware limited partnership (hereinafter referred to as "Borrower"), WELLS REAL ESTATE INVESTMENT TRUST, INC., a Maryland corporation ("Guarantor"), and SOUTHTRUST BANK, an Alabama banking corporation (as successor by conversion to SouthTrust Bank, National Association, a national banking association) (hereinafter referred to as "Lender").

R e c i t a l s:

Borrower and Lender have entered into a Revolving Loan Agreement dated as of May 3, 2000 (the "Loan Agreement"), pursuant to which Lender agreed to make a revolving loan to Borrower in the principal amount of $35,000,000.00 (the "Loan"). The Loan is evidenced by a Revolving Note dated as of May 3, 2000, payable by Borrower to the order of Lender in the principal amount of the Loan (the "Note") and is guaranteed by Guarantor pursuant to a Guaranty Agreement dated as of May 3, 2000, executed by Guarantor for the benefit of Lender (the "Guaranty").

Lender and Borrower, with the consent of Guarantor, have agreed to make certain modifications to the Loan Agreement and the other Loan Documents. Borrower, Guarantor, and Lender have entered into this Amendment for the purpose of evidencing the modification of the Loan in accordance with their agreement.

NOW, THEREFORE, in consideration of Ten Dollars ($10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Borrower and Lender agree as follows:

1. Definitions. Capitalized terms used, but not defined, in this Amendment shall have the meanings ascribed to them in the Loan Agreement.

2. Amendments to Loan Documents. The Loan Documents are hereby amended and modified in the following respects:

(a) The "Maximum Loan Amount", as defined in Article One of the Loan Agreement, is hereby amended and reduced to the principal sum of $32,393,000.00.

(b) The definition of the term "Officer's Certificate" appearing on page seven (7) of the Loan Agreement is hereby deleted in its entirety and the following is inserted in lieu thereof:

""Officer's Certificate" means certificate in the form of Exhibit B attached hereto executed by the chief executive officer or executive vice president of the Person on whose behalf such certificate is being executed (or, if applicable, the chief executive officer of the general partner or manager of such Person)."

(c) The definition of the term "Senior Management" appearing on page eight (8) of the Loan Agreement is hereby deleted in its entirety and the following is inserted in lieu thereof:

""Senior Management" means (i) the Chief Executive Officer, Chairman of the Board, President, and Chief Operating Officer of Borrower or Guarantor, and (ii) any other Persons with responsibility for any of the functions typically performed in a corporation by the officers described in clause (i)."

(d) Section 5.1.5(c) of the Loan Agreement is hereby deleted in its entirety and the following is inserted in lieu thereof:

"(c) Quarterly Project Statements. As soon as available, and in any event within forty-five (45) days after the first three fiscal quarters of each fiscal year, an Operating Statement and Rent Roll for the Project accompanied by a certificate of the Chief Financial Officer of Wells REIT to the effect that each such Operating Statement and Rent Roll fairly, accurately, and completely present the operations and leasing status of the Project for, or as of the end of, the period indicated (provided that no Rent Roll shall be required for the Project which is leased entirely under a single Lease)."

(e) Section 6.2 of the Loan Agreement is hereby deleted in its entirety and the following is inserted in lieu thereof:

"6.2 Transactions Included. A Transfer within the meaning of Section 6.1 shall be deemed to include, without limitation, (i) an installment sales agreement wherein Borrower agrees to sell the Collateral or any part thereof for a price to be paid in installments; (ii) an agreement by Borrower leasing all or a substantial part of the Project for other than actual occupancy by a space lessee thereunder or a sale, assignment or other transfer of, or the grant of a security interest in, Borrower's right, title and interest in and to the Leases or any rents therefrom; (iii) any divestiture of Borrower's title to the Collateral or any interest therein in any manner or way, whether voluntary or involuntary, or any merger, consolidation, dissolution or syndication affecting Borrower; (iv) if Borrower or any general partner of Borrower is a corporation, the voluntary or involuntary sale, conveyance, or transfer of any of such corporation's stock or the creation or issuance of new stock in one or a series of transactions by which an aggregate of more than ten percent (10%) of such corporation's stock shall be vested in an Acquiring Person who is not now a stockholder of such corporation or any change in the control of such corporation directly or indirectly; (v) if Borrower or any general partner of Borrower is a limited or general partnership, joint venture, or limited liability company, the change, removal, resignation, or addition of a general partner, managing partner, limited partner, joint venturer, manager, or member, or the transfer of any partnership interest of any general partner, managing partner, or limited partner, or the transfer of any interest of any joint venturer or member (or the transfer of any interest of any Person directly or indirectly controlling such partner, joint venturer, or member by operation of law or otherwise) to an Acquiring Person; and (vi) if Borrower or any

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general partner of Borrower is a business trust, the change, removal, resignation, or addition of a trustee, or the voluntary or involuntary sale, conveyance, or transfer of any beneficial interest."

(f) Section 7.1.3 and Section 7.1.8 of the Loan Agreement are hereby

deleted in their entirety.

3. Conditions Precedent. The effectiveness of the amendments set forth herein is subject to the satisfaction of the following conditions precedent prior to or concurrently with the execution and delivery of this Amendment by Lender:

(a) Borrower shall have duly executed and delivered this Amendment and an Allonge to the Note (the "Allonge"); and

(b) Lender shall have received evidence of the due authorization by Borrower and Guarantor, as applicable, of the execution and delivery of this Amendment and the Allonge and the consummation of the transactions contemplated herein and therein.

4. Representations and Warranties. As a material inducement to Lender to modify the Loan as aforesaid, Borrower represents and warrants to Lender that:

(a) This Amendment and the Allonge constitute a valid and legally binding obligation of Borrower enforceable in accordance with their respective terms and do not violate, conflict with, or constitute any default under any law or regulation binding on or applicable to Borrower, Borrower's limited partnership agreement, or any mortgage, lease, credit, loan agreement, contract, or other instrument binding upon or affecting Borrower;

(b) All representations and warranties contained in the Loan Documents are true and complete as of the date hereof, and Borrower hereby makes and publishes such representations and warranties in their entirety;

(c) No Default or event that, with the passage of time or the giving of notice (or both) would constitute a Default, under the Loan Documents has occurred and is continuing as of the date hereof; and

(d) No setoffs, defenses, claims, or counterclaims on the part of Borrower to payment or performance of the obligations evidenced or created by the Loan Documents, as modified and supplemented pursuant to this Amendment and the other Amendment Documents, exists as of the date hereof.

Borrower agrees that the falsity or inaccuracy of any of the foregoing representations and warranties in any material respect shall constitute a Default pursuant to the Loan Documents.

5. Guarantor's Consent. Guarantor hereby (i) consents to the execution and delivery of this Amendment by Borrower and the consummation of the transactions described therein, (ii) agrees to be bound by the terms of this Amendment, (iii) agrees to be bound by the terms and conditions of this Amendment, and (iv) acknowledges and agrees that the Guaranty shall remain in full force and effect and that Lender's rights and remedies thereunder shall not be limited,

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impaired, waived, or released in any respect as the result of the execution and delivery of this Amendment and the consummation of the transactions described or contemplated therein.

6. No Novation. The execution and delivery of this Amendment and the Allonge shall not be interpreted or construed as, and in fact does not constitute, a novation, payment, or satisfaction of all or any portion of the Loan; rather, this Amendment and the Allonge are strictly amendatory in nature. The Loan shall continue to be secured by the Security Deed, as herein amended, without change in nature, amount, or priority.

7. Expenses. Borrower shall pay or reimburse Lender, upon Lender's

demand therefor, for all reasonable expenses incurred by Lender in connection with the negotiation, preparation, execution, and, if applicable, the recordation of this Amendment and the other Amendment Documents, including, without limitation, attorneys' fees and expenses of Lender's counsel, title insurance premiums, and recording taxes and fees.

8. Document Protocols. This Amendment shall be governed by the Document Protocols set forth in Article Nine of the Loan Agreement, which are incorporated by reference into this Amendment as if fully set forth herein.

[THE REMAINDER OF THIS PAGE LEFT BLANK INTENTIONALLY]

IN WITNESS WHEREOF, the parties have executed this Amendment on the day and year first above written, with the intention that this Amendment take effect as an instrument under seal.

WELLS OPERATING PARTNERSHIP, L.P., a Delaware limited partnership

By: Wells Real Estate Investment Trust, Inc., a Maryland corporation,
Its sole General Partner

By: /s/ Douglas P. Williams

Name: Douglas P. Williams

Title: Executive Vice President

[Affix corporate seal]

WELLS REAL ESTATE INVESTMENT TRUST, INC., a Maryland corporation

By: /s/ Douglas P. Williams

Name: Douglas P. Williams

Title: Executive Vice President

[Affix corporate seal]

[EXECUTIONS CONTINUED ON FOLLOWING PAGE]

SOUTHTRUST BANK, an Alabama banking corporation, successor by conversion to SouthTrust Bank, National Association, a national banking association

By: /s/ James R. Potter

Name: James R. Potter
Title: Vice President

[END OF EXECUTIONS]

EXHIBIT 10.57

SECOND NOTE MODIFICATION AGREEMENT
RELATING TO THE SOUTHTRUST BANK N.A. $12,844,000 REVOLVING LINE OF CREDIT

SECOND NOTE MODIFICATION AGREEMENT

THIS SECOND NOTE MODIFICATION AGREEMENT (this "Agreement") is entered into as of December 15, 2000, by and between WELLS OPERATING PARTNERSHIP, L.P., a Delaware limited partnership ("Owner"), and SOUTHTRUST BANK, an Alabama banking corporation (as successor by conversion to SouthTrust Bank, National Association, a national banking association) ("Lender").

R e c i t a l s:

Owner is the owner of an office building and related improvements located on Tampa, Hillsborough County, Florida (the "Property"). The Property is subject to a lien and security interest held by Lender as security for a loan made by Lender to Carter Sunforest, L.P. ("Carter") in the principal amount of $15,500,000.00 (the "Loan"). The Loan is governed by an Amended and Restated Loan Agreement dated as of December 31, 1998, between Carter and Lender, as amended pursuant to that certain First Amendment to Amended and Restated Loan Agreement and Amended and Restated Promissory Note (the "First Amendment") dated as of April 27, 1999, and as further amended pursuant to that certain Second Amendment to Amended and Restated Loan Agreement and Other Loan Documents dated of even date herewith (as amended, the "Loan Agreement") and is evidenced by an Amended and Restated Promissory Note dated as of December 31, 1998, as amended pursuant to the First Amendment, and as further amended pursuant to a Note Modification Agreement dated as of September 1, 1999 (as amended, the "Note"), in said principal amount payable by Carter to the order of Lender. The Loan is guaranteed by Owner ("Guarantor") pursuant to a Guaranty Agreement dated as of December 31, 1998, as amended pursuant to a Guarantor Release and Consent Agreement of even date herewith (as amended, the "Guaranty").

Guarantor and Lender wish to amend the Note in certain respects and have entered into this Agreement to evidence such amendment.

NOW, THEREFORE, in consideration of the recitals and to induce the Lender to modify the Note, the parties hereto agree as follows:

1. Modification of Note. The Note is hereby amended in the following respects:

(a) Notwithstanding anything to the contrary in the Note, at no time shall the maximum principal indebtedness under the Note exceed the amount of $12,844,000.00.

(b) The definition of "Eurodollar Rate" set forth on page two (2) of the Note is hereby amended to be and read as follows:

"Eurodollar Rate" shall mean the rate per annum (rounded upwards, if necessary, to the nearest 0.0625%) equal to the Adjusted LIBOR plus one hundred seventy-five basis points (1.75%), which rate shall not fluctuate during each Interest Period."

(c) The definition of "Maturity Date" set forth on page two (2) of the Note is hereby amended to be and read as follows:

"Maturity Date" shall mean June 10, 2002."

2. Confirmation of Obligations. Except as herein modified, the Note shall remain in full force and effect, and the Note, as so modified, is hereby ratified and affirmed in all respects. Guarantor confirms that it has no claims, counterclaims, offsets, defenses, or rights of setoff or recoupment against Lender with respect to its respective obligations under the Guaranty. All references to the Note in the Guaranty and the other Loan Documents shall be deemed to refer to the Note as herein modified and as the same may hereafter be amended, renewed, extended, or decreased.

3. Expenses. As a condition precedent to the effectiveness of this Agreement, Guarantor shall pay all costs and expenses incurred by Lender in connection herewith, including any and all legal fees and expenses of Lender's counsel.

4. Document Protocols. This Amendment shall be governed by the Document Protocols set forth in Exhibit A of the Loan Agreement, which are incorporated by reference into this Agreement as if fully set forth herein.

IN WITNESS WHEREOF, Guarantor and Lender have executed this Agreement with the intent that it take effect as an instrument under seal.

WELLS OPERATING PARTNERSHIP, L.P., a
Delaware limited partnership

By: Wells Real Estate Investment Trust, Inc.,
a Maryland corporation,
Its sole General Partner

By: /s/ Douglas P. Williams

Name: Douglas P. Williams

Title: Executive Vice President

[Affix corporate seal]

[EXECUTIONS CONTINUED ON FOLLOWING PAGE]

SOUTHTRUST BANK, an Alabama banking corporation, successor by conversion to SouthTrust Bank, National Association, a national banking association

By: /s/ James R. Potter

Name: James R. Potter
Title: Vice President

[END OF EXECUTIONS]

EXHIBIT 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

SECOND AMENDMENT TO AMENDED AND RESTATED LOAN AGREEMENT AND OTHER LOAN DOCUMENTS

THIS SECOND AMENDMENT TO AMENDED AND RESTATED LOAN AGREEMENT AND OTHER LOAN DOCUMENTS (this "Amendment") is entered into as of the 15/th/ day of December, 2000, by and between WELLS OPERATING PARTNERSHIP, L.P., a Delaware limited partnership (hereinafter referred to as "Owner"), and SOUTHTRUST BANK, an Alabama banking corporation (as successor by conversion to SouthTrust Bank, National Association, a national banking association) (hereinafter referred to as "Lender").

R e c i t a l s:

Owner is the owner of an office building and related improvements located on Tampa, Hillsborough County, Florida (the "Property"). The Property is subject to a lien and security interest held by Lender as security for a loan made by Lender to Carter Sunforest, L.P. ("Carter") in the principal amount of $15,500,000.00 (the "Loan"). The Loan is governed by an Amended and Restated Loan Agreement dated as of December 31, 1998, between Carter and Lender, as amended pursuant to that certain First Amendment to Amended and Restated Loan Agreement and Amended and Restated Promissory Note (the "First Amendment") dated as of April 27, 1999 (as amended, the "Loan Agreement") and is evidenced by an Amended and Restated Promissory Note dated as of December 31, 1998, as amended pursuant to the First Amendment, as amended pursuant to a Note Modification Agreement dated as of September 1, 1999, and as further amended pursuant to a Second Note Modification dated of even date herewith (as amended, the "Note"), in said principal amount payable by Carter to the order of Lender. The Loan is guaranteed by Owner ("Guarantor") pursuant to a Guaranty Agreement dated as of December 31, 1998, as amended pursuant to a Guarantor Release and Consent Agreement of even date herewith (as amended, the "Guaranty").

Lender and Guarantor have agreed to make certain modifications to the Loan Agreement and the other Loan Documents and have entered into this Amendment for the purpose of evidencing the modification of the Loan in accordance with their agreement.

NOW, THEREFORE, in consideration of Ten Dollars ($10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Guarantor and Lender agree as follows:

1. Definitions. Capitalized terms used, but not defined, in this Amendment shall have the meanings ascribed to them in the Loan Agreement.

2. Amendment to Loan Documents. The "Commitment Amount", as defined in Article I of the Loan Agreement, is hereby amended and reduced to the principal sum of $12,844,000.00.

3. Additional Provisions. Except as herein modified, the Loan Agreement and the other Loan Documents shall remain in full force and effect, and the Loan Agreement and the other Loan Documents, as so modified, are hereby ratified and affirmed in all respects. Guarantor confirms that it has no claims, counterclaims, offsets, defenses, or rights of setoff or recoupment against Lender with respect to the Guaranty, the Note, or any of the other Loan Documents. All

references to the Loan Agreement and the Note in the other Loan Documents shall be deemed to refer to the Loan Agreement and the Note as herein amended and as the same may hereafter be amended, renewed, or extended.

4. Expenses. Guarantor shall pay or reimburse Lender, upon Lender's demand therefor, for all reasonable expenses incurred by Lender in connection with the negotiation, preparation, execution, and, if applicable, the recordation of this Amendment and any other amendment documents, including, without limitation, attorneys' fees and expenses of Lender's counsel, title insurance premiums, and recording taxes and fees.

5. Document Protocols. This Amendment shall be governed by the Document Protocols attached as Exhibit A to the Amended Loan Agreement, which are incorporated herein by reference in their entirety.

[THE REMAINDER OF THIS PAGE LEFT BLANK INTENTIONALLY]

IN WITNESS WHEREOF, the parties have executed this Amendment on the day and year first above written, with the intention that this Amendment take effect as an instrument under seal.

WELLS OPERATING PARTNERSHIP, L.P., a Delaware limited partnership

By: Wells Real Estate Investment Trust, Inc.,
a Maryland corporation,
Its sole General Partner

By: /s/ Douglas P. Williams

Name: Douglas P. Williams

Title: Executive Vice President

[Affix corporate seal]

[EXECUTIONS CONTINUED ON FOLLOWING PAGE]

SOUTHTRUST BANK, an Alabama banking corporation, successor by conversion to SouthTrust Bank, National Association, a national banking association

By: /s/ James R. Potter

Name: James R. Potter
Title: Vice President

[END OF EXECUTIONS]

EXHIBIT 10.59

REVOLVING NOTE
RELATING TO THE SOUTHTRUST BANK N.A. $19,003,000 REVOLVING LINE OF CREDIT

Revolving Note

$19,003,000.00 December 15, 2000

FOR VALUE RECEIVED, the undersigned WELLS OPERATING PARTNERSHIP, L.P., a Delaware limited partnership (hereinafter referred to as "Borrower"), promises to pay to the order of SOUTHTRUST BANK, an Alabama banking corporation (hereinafter referred to as "Lender"), the principal sum of Nineteen Million Three Thousand and No/100 Dollars ($19,003,000.00), or so much thereof as may have been advanced to Borrower from time to time hereunder in accordance with, and subject to the conditions of, that certain Revolving Loan Agreement of even date herewith between Borrower and Lender (as the same might hereafter be amended, extended, supplemented, or restated, the "Loan Agreement"), together with interest and other charges as provided herein.

1. Definitions. Capitalized terms used, but not defined, shall have the meanings assigned to them in the Loan Agreement. As used in this Note, the following terms shall have the following meanings:

"Adjusted LIBOR" shall mean the quotient of (i) the "London Interbank Offered Rate (LIBOR)" at which U.S. Dollar deposits for a maturity comparable to the Interest Period are offered to Lender in immediately available funds in the London Interbank Market, as quoted in the Money Rates section of The Wall Street Journal as effective for contracts entered into on the first day of the applicable Interest Period, divided by (ii) 1.00 minus any applicable Reserve Requirement for such Interest Period required by Regulation D (expressed as a decimal).

"Applicable Spread" shall mean one and seventy-five hundredths percent (1.75%).

"Base Rate" shall mean the per annum rate of interest periodically designated and announced to the public by Lender as its "Base Rate". The Base Rate is not necessarily the lowest rate charged by Lender.

"Business Day" shall mean a day which is not a public holiday and on which banks in Atlanta, Georgia, are customarily open for business.

"Default Rate" shall mean a per annum rate of interest equal to two percentage points (2%) in excess of the rate of interest otherwise applicable hereunder on the date the Default Rate takes effect.

"Eurodollar Rate" shall mean the rate per annum (rounded upwards, if necessary, to the nearest 0.0625%) equal to the Adjusted LIBOR plus the Applicable Spread, which rate shall not fluctuate during each Interest Period.

"Interest Period" shall mean each successive period of one (1) Month following the date of this Note, provided that (i) no Interest Period may extend beyond the maturity of this Note, and (ii) if any such Interest Period would otherwise end on a day that is not a Business Day, that Interest Period shall be extended to

the next succeeding Business Day unless the result of such extension would

be to extend such Interest Period beyond the maturity of this Note, in which event such Interest Period shall end on the immediately preceding Business Day.

"Month" shall mean (i) with respect to the initial Interest Period under this Note, the interval commencing on the date of this Note and ending on the day before the first Monthly Payment Date, inclusive, and (ii) with respect to each subsequent Interest Period, the interval commencing on a Monthly Payment Date and ending on the day before the next Monthly Payment Date, inclusive.

"Monthly Payment Date" shall mean the tenth (10th) of each calendar month during the term of this Note.

"Regulation D" shall mean Regulation D of the Board of Governors of the Federal Reserve System from time to time in effect and shall include any successor or other regulation or official interpretation of said Board of Governors relating to reserve requirements applicable to member banks of the Federal Reserve System.

"Reserve Requirement" shall mean with respect to any Interest Period, the weighted average during such Interest Period of the maximum aggregate reserve requirement (including all basic, supplemental, marginal, and other reserves and taking into account any transitional adjustments or other scheduled changes in reserve requirements during the Interest Period), if any, that is imposed under Regulation D and that is applicable to the class of banks of which Lender is a member on "eurocurrency liabilities," as that term is defined in Regulation D. Lender acknowledges that, as of the date hereof, the Reserve Requirement is zero, provided that the Reserve Requirement may increase from time to time during the term of this Note.

2. Payment Terms.

(a) Commencing on January 10, 2001, and on each Monthly Payment Date thereafter until June 10, 2002 (the "Maturity Date"), Borrower shall pay to Lender all accrued but unpaid interest on the outstanding principal of this Note. On the Maturity Date, Borrower shall pay to Lender the entire outstanding principal balance of this Note, together with all accrued interest thereon.

(b) All payments shall be applied, at Lender's option, first to any fees, expenses, or other costs that Borrower is obligated to pay under this Note or the other Loan Documents, second to interest due on this Note, and third to the outstanding principal of this Note. All payments, fees, charges, and other sums due hereunder shall be remitted to Lender at the following address:

SouthTrust Bank
P. O. Box 830776
Birmingham, Alabama 35283-0776
Attn: McCracken Loan Servicing

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or at such other address as Lender or any subsequent holder of this Note may from time to time designate in writing. All principal, interest, and other charges payable under this Note shall be paid in lawful money of the United States of America.

(c) Borrower will pay to Lender a late charge equal to five percent (5%) of the amount of any payment that is not received by Lender within ten (10) days after the date such payment is due under the terms of this Note. In no case will any such late charge be less than $0.50 or more than the maximum amount allowed by applicable law. Collection or acceptance by Lender of such late charge will not constitute a waiver of any rights or remedies of Lender provided in this Note or in any other Loan Document. The late charge provided for herein represents a fair and reasonable estimate by Borrower and Lender of a fair

average compensation for the loss that might be sustained by Lender due to the failure of Borrower to make timely payments hereunder, the parties recognizing that the damages caused by such extra administrative expenses and loss of the use of funds is impracticable or extremely difficult to ascertain or estimate.

3. Interest Rate.

(1) The principal of this Note outstanding from time to time shall bear interest at the Eurodollar Rate, which rate shall not fluctuate during each applicable Interest Period. As of the commencement of each Interest Period following the initial Interest Period, the rate of interest on this Note shall increase or decrease to reflect change in the Eurodollar Rate from the Interest Period just ended.

(2) Notwithstanding anything to the contrary herein, if at any time Lender determines, in accordance with reasonable and ordinary commercial standards, that its acquisition of funds in the London Interbank Market would be in violation of any law, regulation, guideline, or order, Lender may so notify Borrower in writing or by telephone, and upon the giving of such notice, this Note will immediately cease bearing interest at the Eurodollar Rate as provided above, and the outstanding principal of this Note shall thereupon commence to bear interest at the variable per annum rate equal to the Base Rate; provided that if, as of the last day on which interest on this Note accrues at the Eurodollar Rate, the Base Rate is lower or higher than the Eurodollar Rate in effect on this Note on such date, then a spread shall be added to or subtracted from Base Rate in an amount equal to the difference between the Base Rate and the Eurodollar Rate in effect on this Note (the "Base Rate Spread"), and principal of this Note shall thereafter bear interest at the variable rate equal to the Base Rate Spread plus the Base Rate. For example, if on such day the Eurodollar Rate is 6.75% and the Base Rate is 6.25%, then the Base Rate Spread shall be 0.50%. If on such day the Base Rate is 7.50%, then the Base Rate Spread shall be -0.75%. At all times while this Note bears interest at a rate determined by using the Base Rate as a reference, such rate shall be adjusted to reflect changes in the Base Rate, with such adjustments being effective of the date that the Base Rate changes. Notwithstanding the fact that Lender has based the interest rate applicable hereunder upon Lender's cost of

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funds in the London Interbank Market, Lender shall not be required actually to obtain funds from such source at any time.

(3) Upon the occurrence of any Event of Default hereunder, the principal amount of this Note shall automatically, without notice to or demand upon Borrower, bear interest at the Default Rate. Borrower agrees that the Default Rate represents a fair and reasonable estimate by Borrower and Lender of a fair average compensation for the risk of loss that Lender will experience due to the occurrence of an Event of Default and for the cost and expenses that might be incurred by Lender by reason of the occurrence of an Event of Default, with the parties agreeing that the damages caused by such increased risk and extra cost and expenses are impracticable or extremely difficult to ascertain or estimate. The payment by Borrower of interest at the Default Rate will not prejudice the rights of Lender to collect any other amounts required to be paid by Borrower hereunder or under any of the other Loan Documents.

(4) All interest on the principal of this Note, whether calculated using the Eurodollar Rate, the Base Rate, or the Default Rate as a reference, shall be calculated on the basis of a 360-day year by multiplying the outstanding principal amount by the applicable per annum rate, multiplying the product thereof by the actual number of days elapsed, and dividing the product so obtained by 360.

4. Prepayment. Borrower may prepay the outstanding principal of this Note, or any part thereof, at any time and from time to time. Partial prepayments will be applied to principal installments coming due under this Note

in their inverse order of maturity. Borrower may reborrow, repay, and reborrow up to a principal amount outstanding not exceeding the amount of this Note so long as no Event of Default (as defined in the Loan Agreement) exists.

5. Collection Costs. Lender shall be entitled to recover all costs of collecting, securing, or attempting to collect or secure this Note, or defending any action seeking the avoidance or rescission of any payment of or security for this Note, including, without limitation, court costs and reasonable attorneys' fees actually incurred, including attorneys' fees on any appeal by either Borrower or Lender.

6. Fees. In consideration of the extension of credit evidenced hereby, Borrower will pay to Lender a commitment fee in the amount of $ -------------, which fee shall be fully earned by Lender and due and payable by Borrower in full at the time of the initial Advance under the Loan. Such fee will not be subject to proration or rebate in the event that the outstanding principal hereof is prepaid by Borrower. In addition, a fee of one eighth (1/8th) of one percent (1%) of each advance made under the Loan shall be due and payable at the time Lender makes such advance.

7. Events of Default. The occurrence or existence of an Event of Default pursuant to, and as defined in, the Loan Agreement, including, without limitation, Borrower's failure to pay any installment of principal or interest on this Note or any other sum due hereunder on the due date thereof, which failure continues beyond any cure period and notice requirement set forth in the

Loan Agreement, shall constitute an event of default under this Note (an "Event of Default"). Lender, at its option, upon or at any time after the occurrence of an Event of Default, may (i) declare the then outstanding principal amount of this Note, together with all accrued interest thereon and all other agreed or permitted charges owing by Borrower hereunder, to be, and the same will thereupon become, immediately due and payable without notice to or demand upon Borrower, all of which Borrower hereby expressly waives, and (ii) pursue all rights and remedies available under the Loan Documents and at law or in equity. All rights and remedies of Lender under the terms of this Note and the other Loan Documents and applicable statutes or rules of law will be cumulative and may be exercised successively or concurrently.

8. Usury. It is expressly stipulated and agreed to be the intent of Lender and Borrower to at all times conform to and contract in strict compliance with applicable usury law from time to time in effect. All agreements between Lender and Borrower (or any other party liable with respect to any indebtedness under this Note), including, without limitation, this Note and any other agreement, document or instrument relating to the indebtedness evidenced hereby, are hereby limited to the provisions of this Section which shall override and control all such agreements, whether now existing or hereafter arising and whether written or oral (however, reference to the term "oral" shall not be construed to modify or negate any provisions hereof regarding the absence or ineffectiveness of oral agreements). In no way, nor in any event or contingency (including, but not limited to, prepayment, default, demand for payment or acceleration of maturity), shall the interest taken, reserved, contracted for, charged, chargeable or received under this Note exceed the maximum nonusurious amount permitted by applicable law (the "Maximum Amount"). If, from any possible construction of any agreement (including, without limitation, this Note and any other agreement, document or instrument relating to the indebtedness evidenced hereby), interest would otherwise be payable in excess of, or is adjudicated to be payable in excess of, the Maximum Amount, any such construction shall be subject to the provision of this section, and, *ipso facto*, such document shall be reformed and the interest payable shall be reduced to the Maximum Amount, without the necessity of execution of any amendment or new document. If the holder hereof shall ever receive anything of value that is

characterized as interest under applicable law and that would apart from this provision be in excess of the Maximum Amount, an amount equal to the amount that would have been excessive interest shall, without penalty, be applied to the reduction of the principal amount owing on the indebtedness evidenced hereby and not to the payment of interest, or promptly refunded to the Borrower if and to the extent such amount that would have been excessive exceeds such unpaid principal.

The right to accelerate maturity of this Note or any other indebtedness does not include the right to accelerate any interest that has not otherwise accrued on the date of such acceleration, and the holder hereof does not intend to take, reserve, contract for, charge or receive any unearned interest in the event of acceleration. All interest paid or agreed to be paid to the holder hereof shall, to the extent permitted by applicable law, be amortized, prorated, allocated and spread throughout the full stated term (including any renewal or extension) of such indebtedness so that the amount of interest on account of such indebtedness does not exceed the Maximum Amount. As used in this section, the term "applicable law" shall mean the laws of the state in which this Note is enforced or the federal laws of the United States applicable to this transaction, whichever laws allow the greater interest, as such laws now exist or may be changed or amended or come into effect in the future.

9. Time of Essence. Time is of the essence with respect to this Note and the performance of all obligations contained herein.

10. Waiver. Borrower, and all guarantors (including Guarantor), endorsers, and sureties of this Note, hereby waives, to the fullest extent permitted by applicable law, all rights of exemption of property from levy or sale under execution or other process for the collection of debts under the Constitution or laws of the United States or any state thereof, demand, presentment, protest, notice of dishonor, notice of non-payment, diligence in collection, and all other requirements necessary to charge or hold the Borrower liable on any obligations hereunder, and any further receipt for or acknowledgment of any collateral now or hereafter deposited by Borrower as security for the obligations hereunder.

11. Binding Effect. Lender will not by any act, delay, omission, or otherwise be deemed to have waived any of its rights or remedies under this Note or the other Loan Documents, and no waiver of any kind will be valid unless in writing and signed by Lender. The provisions of this Note will be construed without regard to the party responsible for the drafting and preparation hereof. Any provision in this Note that might be unenforceable or invalid under any law will be ineffective to the extent of such unenforceability or invalidity without affecting the enforceability or validity of any other provision hereof. This Note and the obligations of Borrower hereunder shall be binding upon and enforceable against Borrower and its successors and assigns and will inure to the benefit of Lender and its successors and assigns, including any subsequent holder of this Note. Borrower agrees that, without releasing or impairing Borrower's liability hereunder, Lender may at any time release, surrender, substitute, or exchange any collateral securing this Note and may at any time release any party primarily or secondarily liable for the indebtedness evidenced by this Note.

12. Document Protocols. This Note is governed by the Document Protocols set forth in Exhibit A attached to the Loan Agreement, which are incorporated by reference into this Note as if fully set forth herein.

[THE REMAINDER OF THIS PAGE LEFT BLANK INTENTIONALLY]

IN WITNESS WHEREOF, Borrower has executed this Note, or has caused this Note to be executed by its duly authorized representative, on the day and year first above written, with the intention that this Note to take effect as an instrument under seal.

WELLS OPERATING PARTNERSHIP, L.P., a Delaware limited partnership

By: Wells Real Estate Investment Trust, Inc.,
a Maryland corporation,
Its sole General Partner

By: /s/ Douglas P. Williams

Name: Douglas P. Williams

Title: Executive Vice President

[Affix corporate seal]

EXHIBIT 10.60

REVOLVING LOAN AGREEMENT
RELATING TO THE SOUTHTRUST BANK N.A. $19,003,000 REVOLVING LINE OF CREDIT

REVOLVING LOAN AGREEMENT

THIS REVOLVING LOAN AGREEMENT (this "Loan Agreement") is entered into as of the 15/th/ day of December, 2000, by and between WELLS OPERATING PARTNERSHIP, L.P., a Delaware limited partnership ("Borrower"), and SOUTHTRUST BANK, an Alabama banking corporation ("Lender").

R e c i t a l s:

Lender has agreed, subject to the terms and conditions set forth herein, to make available to Borrower a revolving credit facility in the maximum principal amount of $19,003,000.00 (or, if lesser, the Borrowing Base hereinafter described). Borrower and Lender have entered into this Loan Agreement to establish the terms and conditions of the such revolving credit facility.

NOW, THEREFORE, in consideration of the premises and of the mutual covenants, agreements, and warranties hereinafter set forth and of the sum of Ten Dollars ($10.00) in hand paid by each party hereto to the other, Borrower agrees with Lender, and represents and warrants to Lender, and Lender agrees with Borrower, as follows:

ARTICLE ONE - DEFINITIONS OF GENERAL APPLICATION

In addition to any other terms that are defined in this Loan Agreement, the following terms shall have the following meanings unless the context hereof otherwise indicates:

"Acquiring Person" means a "person" or "group of persons" within the meaning of Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended, but shall not include any such person or group of persons who buy shares pursuant to an offering filed with the Securities Exchange Commission.

"Advance" means any principal advance under the Revolving Loan made by Lender pursuant to the terms of this Loan Agreement.

"Advance Request" means a written request for an Advance delivered by Borrower to Lender pursuant to Section 2.4 hereof.

"Affiliate" means, as to any Person, any other Person (i) who directly or indirectly controls, is controlled by, or is under common control with such Person, (ii) who is a substantial creditor, customer, or supplier of such Person, (iii) who is a director, officer, manager, partner, member, shareholder, employee, or employer of such Person, or (iv) who is a member of the immediate family of such Person. "Control," as used in this definition, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ownership of voting securities, by contract or otherwise, including the power to elect a majority of the directors or trustees of a corporation or trust, as the case might be.

"Authorized Representative" means the Person or Persons designated as such in Disbursement Authorization. If more than one Person is designated as an Authorized Representative, then the provisions of this Loan Agreement relating to the Authorized Representative shall apply to

each such Person individually, and not jointly with any or all other Persons designated as the Authorized Representative.

"Borrowing Base" means, for any specified date, the amount equal to the least of the following amounts:

(i) Sixty percent (60%) of the aggregate appraised fair market value of Properties, as determined by Lender based upon the most recent appraisals delivered to Lender pursuant to Section 3.2.4 or Section 5.2.4 hereof; or

(ii) Seventy percent (70%) of the aggregate actual cost of Borrower's acquisition and/or construction of the Properties, as determined by Lender based upon information and data furnished to Lender by Borrower and other independent sources reasonably acceptable to Lender; or

(iii) The quotient of (A) the combined Net Operating Income from the Properties for the Trailing 12 Month Period (unless Lender, in its sole discretion, selects a shorter period of calculation), divided by (B) the Debt Service Coverage Ratio, with the resulting figure being further divided by (C) the Mortgage Constant.

"Borrower" means Wells Operating Partnership, L.P., a Delaware limited partnership, and its successors and permitted assigns under the terms of this Loan Agreement.

"Borrower Party" means each of Borrower, any general partner of Borrower, and Guarantor, and "Borrower Parties" means all of such Persons collectively.

"Business Day" means a day which is not a public holiday and on which banks in Atlanta, Georgia, are customarily open for business.

"Change in Control" means the earliest to occur of (i) the date on which Wells REIT ceases for any reason whatsoever to be the sole general partner of Borrower, or (ii) the date on which Wells REIT shall cease for any reason to be the holder of 90% of the voting interest of Borrower or to own at least 90% of the equity, profits,or other limited partnership interests in, or any other securities or ownership interests) of, Borrower, or (c) the date on which any Acquiring Person becomes (by acquisition, consolidation, merger or otherwise), directly or indirectly, the beneficial owner of more than 20% of the total voting equity capital (or of any other securities or ownership interest) of Wells REIT then outstanding, or (d) the replacement (other than solely by reason of retirement at age sixty-five or older, death, or disability) of more than fifty percent (50%) (or such lesser percentage as is required for decision-making by the board of directors or an equivalent governing body) of the members of the board of directors or an equivalent governing body) of Wells REIT over a one-year period from the directors who constituted such board of directors at the beginning of such period and such replacement shall not have been approved by a vote of at least a majority of the board of directors of Wells REIT then still in office who either were members of such board of directors at the beginning of such one-year period or whose election as members of the board of directors was previously so approved.

"Closing Date" means the date on which the initial Advance is made by Lender to Borrower hereunder.

"Collateral" means the Properties and other collateral from time to time or at any time encumbered by the Security Documents, including all after-acquired property and all other collateral from time to time given by Borrower or any other Person to secure the Obligations.

"Collateral Addition Date" means the date on which any Property is added to the Collateral Pool in accordance with the conditions set forth in Article Three hereof.

"Collateral Pool" means the aggregate total of the Collateral.

"Commitment Period" means the period beginning on the Closing Date and ending on the date that is sixty (60) days before the Maturity Date.

"Debt Service Coverage Ratio" means 1.35.

"Default" means the occurrence of any event or circumstance that, but for only the giving of any notice by Lender or the passage of any cure period (or both) required under the terms of this Loan Agreement or any other Loan Document, would constitute an Event of Default.

"Default Rate" shall have the meaning assigned to such term in the Note.

"Event of Default" shall have the meaning assigned to such term in Section 7.1 hereof.

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

"Governmental Authority" means any court, board, agency, commission, office, or authority of any nature whatsoever for any governmental or quasi-governmental unit (federal, state, county, district, municipal, city, or otherwise), whether now or hereafter in existence.

"Guarantor" means, whether one or more, all present or future endorsers, Guarantor, and sureties of the Obligations (or any portion thereof). The initial Guarantor is Wells REIT.

"Guaranty Agreement" means each agreement or instrument at any time executed by Guarantor for the benefit of Lender with respect to the Obligations, as from time to time amended, replaced, restated, supplemented, or consolidated pursuant to the applicable term thereof.

"Leases" means any and all existing and future leases, subleases, rental agreements, and other occupancy agreements, whether oral or written and whether or not of record, for the use or occupancy of any portion of any Property, together with all amendments to, and renewals and extensions of, said leases, subleases, rental agreements, and other occupancy agreements, all guaranties with respect thereto, all work letter agreements, improvements agreements, and other agreements with any tenant, all default letters or notices, estoppel letters, rental adjustment notices, escalations notices, and other correspondence in regard thereto, and all credit reports and accounting records in regard thereto.

"Legal Requirement" and "Legal Requirements" means, as the case might be, any one or more of all present and future laws,

codes, ordinances, orders, judgments, decrees, injunctions, rules, regulations, and requirements, even if unforseen or extraordinary, of every duly constituted Governmental Authority (but excluding those which by their terms are not applicable to and do not impose any obligation on Borrower or any Property), including, without limitation, the requirements and

conditions of any Permits and all covenants, restrictions, and conditions now or hereafter of record that might be applicable to Borrower or any Property or to the use, manner of use, occupancy, possession, operation, maintenance, alteration, repair, or reconstruction of any Property, even if compliance therewith (i) necessitates structural changes or improvements (including changes required to comply with the Americans with Disabilities Act and regulations promulgated thereunder) or results in interference with the use or enjoyment of any Property or (ii) requires Borrower to carry insurance other than as required by the provisions of this Loan Agreement, the Leases, and the Loan Documents.

"Loan Account" means the depositary account established by Borrower with Lender, as more particularly identified in the Disbursement Authorization.

"Loan Agreement" means this Revolving Loan Agreement, as from time to time amended, replaced, restated, supplemented, restated, or consolidated pursuant to the applicable provisions hereof.

"Loan Documents" means collectively this Loan Agreement, the Note, the Security Documents, the Guaranty Agreements, and any and all other documents now or hereafter executed by Borrower, Guarantor, or any other Person which evidences, relates to, is executed in connection with, or secures the Loan.

"Management Agreement" means (i) that certain Management Agreement by and between Wells REIT, as owner, and Wells Management Company, Inc., as manager, dated January 30, 1998, and as assigned to Borrower pursuant to that certain Assignment and Assumption of Management Agreement dated May 3, 2000, and (ii) any management agreement for the Property hereafter approved in writing by Lender pursuant to the applicable provisions of the Loan Documents.

"Manager" means the Person initially selected by Borrower to manage the Property pursuant to the Management Agreement, and any replacement manager of the Property hereafter approved in writing by Lender in accordance with the applicable provisions of the Loan Documents.

"Material Adverse Effect" means, with respect to any circumstance, act, condition, or event of whatever nature (including any adverse determination in any litigation, arbitration, or governmental investigation or proceeding), whether singly or in conjunction with any other event or events, act or acts, condition or conditions, or circumstance or circumstances, whether or not related, a material adverse change in or a materially adverse effect upon any of (i) the business, operations, property, or condition (financial or otherwise) of any Borrower Party, (ii) the present or future ability of any Borrower Party to perform the Obligations for which it is liable, (iii) the validity, priority, perfection or enforceability of this Agreement or any other Loan Document or the rights or remedies of the Lender under any Loan Document, or (iv) the value

of, or the Lender's ability to have recourse against, any Collateral.

"Maturity Date" means June 10, 2002.

"Maximum Loan Amount" means the principal sum of $19,003,000.00.

"Mortgage Constant" means a mortgage constant of 10.07%, as such mortgage constant may be adjusted from time to time in Lender's reasonable judgment based upon Lender's then current permanent loan underwriting criteria for projects comparable to the Properties.

"Net Operating Income" shall mean the net operating income for a Property, as determined by Lender based on reasonable and prudent underwriting standards and in accordance with GAAP, with the following considerations and qualifications:

(i) Operating income shall be reduced by an sub-market economic vacancy and collection adjustment, as determined by Lender, unless the actual vacancy and collections adjustment for a Property is higher, in which case Lender may, in its discretion, choose between the actual vacancy rate and collection adjustment and the sub-market vacancy rate and collections adjustment;

(ii) operating income shall include sundry, parking, and reimbursable expenses, to the extent reported on the Operating Statements for the Property and deemed recurring and sustainable (provided that aggregate other income shall not exceed five percent (5%) of total gross income), and all extraordinary and non-recurring income shall be excluded from operating income ;

(iii) non-cash expenses shall be excluded from operating expenses;

(iv) operating expenses, insurance, and real estate taxes shall be determined on a Stabilized Basis (as defined below);

(v) the actual management fees payable pursuant to the Management Agreement shall be treated as an operating expenses during each month of the Trailing 12 Month Period;

(vi) a reasonable, market replacement reserve shall be treated as an operating expense during each month of the Trailing 12 Month Period;

(vi) with respect to any Lease with a term that commenced during the Trailing 12 Month Period, the minimum base rent from such Lease shall be included in the calculation of Net Operating Income as if such Lease had been in effect throughout the Trailing 12 Month Period, provided that the Tenant thereunder has accepted possession of its demised premises and as commenced payment of minimum base rent prior to the end of the Trailing 12 Month Period;

(vii) rent payable pursuant to any Lease that is in default or is subject to rental abatement, and any Lease that expires or terminates (or the Tenant thereunder has the unilateral right to terminate such Lease) during the

Trailing 12 Month Period or shall expire within ninety (90) days following the end of the Trailing 12 Month Period shall not be treated as operating income; and

(viii) any discount, concession, free rent, allowance, inducement, or other agreement whereby any item or consideration of value of any nature (other than the right of occupancy of the Tenant's demised premises) is granted or provided under any Lease shall be prorated over the current term of such Lease for purposes of calculating operating income.

"Obligations" means the aggregate of all principal and interest owing from time to time under the Note, and all expenses, charges, and other amounts from time to time owing under the Note, this Loan Agreement, or any of the other Loan Documents, and all covenants, agreements, and other obligations from time to time owing to, or for the benefit of, Lender pursuant to the Note, this Loan Agreement, and the other Loan Documents.

"Officer's Certificate" shall mean a certificate in the form of Exhibit A attached hereto executed by the chief executive officer or executive vice president of the Person on whose behalf such certificate is being executed (or, if applicable, the chief executive officer of the general partner or manager of such Person).

"Operating Statement" shall mean any operating statement, including income and expense statement and statement of cash flows, with respect to the Property, of which shall be prepared in accordance with GAAP throughout the periods covered by such statement and which fairly present the financial condition of Borrower and the Property as of their respective dates and the results of operations and changes in financing position of Borrower and the Property for the periods then ended. Each Operating Statement shall be prepared on an accrual basis or, in the alternative, Borrower shall provide Lender all data necessary to constitute the adjustments necessary to convert such Operating Statement to accrual basis Operating Statement.

"Permits" means all licenses, permits, certificates, approvals, authorizations, and registrations required by or obtained from any Governmental Authority with respect to the construction, ownership, rental, operation, use, or occupancy of the Property, including, without limitation, business licenses, zoning approvals and variances, food and beverage service licenses, and licenses to conduct business.

"Permitted Encumbrances" means collectively (i) liens at any time existing in favor of Lender, (ii) the matters affecting title to the Land described in title insurance commitment issued in favor of Lender in connection with the execution and delivery of this Loan Agreement, provided that such matters are accepted by Lender in writing in Lender's discretion, (iii) statutory liens incurred in the ordinary course of business for the purchase of labor, services, materials, equipment, or supplies, or with respect to workmen's compensation, unemployment insurance, or other forms of governmental insurance or benefits, which are not delinquent or are paid or bonded and removed of record in a manner satisfactory to Lender, and (iv) liens for real property taxes, assessments, or governmental charges or levies for the current year, the payment of which is not

delinquent.

"Person" means any individual, corporation, partnership, joint venture, association, trust, unincorporated organization, and any Governmental Authority.

"Property" means each of the improved parcels of real estate described in Exhibit A attached hereto, which are intended to be included in the Collateral Pool on or after the Closing Date. No property other than the Properties shall be eligible for inclusion into the Collateral Pool except as may be approved by Lender in writing in its discretion.

"Rent Roll" shall mean each rent roll for any Property delivered by Borrower pursuant to this Loan Agreement, each of which shall show (i) a description (by rentable square feet and location or unit number) of the lease space; (ii) the name of the current tenants; (iii) the commencement and expiration dates of the original Leases and any renewal terms thereof; (iv) the rents during the term thereof; (v) all rents prepaid by tenants; (vi) all delinquent rents; (vii) all concessions, allowances,

credits, and abatements to which any tenant is entitled; (viii) the security deposit given by any tenant and interest accrued thereon; and (ix) the identification of any security given to secure any tenant's obligations including, without limitation, the identity of any guarantor of any Lease.

"Revolving Loan" means the revolving loan facility established by Lender in favor of Borrower pursuant to Section 2.1 hereof.

"Revolving Note" means the Revolving Note of even date herewith evidencing Borrower's promise to repay the Revolving Loan with interest thereon, as the same might hereafter be amended, extended, renewed, replaced, supplemented, restated, or consolidated pursuant to the applicable provisions thereof.

"Security Documents" means collectively all Security Instruments, separate assignments of leases and rents, and any and all other documents, instruments, or financing statements heretofore or hereafter executed by Borrower, Guarantor, or any other Person for the benefit of Lender as security for all or any part of the Obligations.

"Security Instrument" means any mortgage or deed of trust executed by Borrower for the benefit of Lender with respect to any Property, as the same might hereafter be amended, extended, replaced, supplemented, restated, or consolidated pursuant to the applicable provisions thereof.

"Senior Management" shall mean (i) the Chief Executive Officer, Chairman of the Board, President, and Chief Operating Officer of Borrower or Guarantor, and (ii) any other Persons with responsibility for any of the functions typically performed in a corporation by the officers described in clause (i).

"Stabilized Basis" shall mean the annualization of payments, including the adjustments for payments that have seasonal variation, together with adjustment, as necessary for levels of occupancy and service, to reflect the level of expense that would exist upon achievement of a stabilized occupancy for properties similar in nature and in the general vicinity of the Property, as

determined by Lender. Lender may rely solely upon pro forma payments estimated by Lender's appraiser and other prevailing market conditions and information in determining the Stabilized Basis of any payments and such determination shall control regardless of the actual level of payments experienced by Borrower before or after the Property achieves stabilized occupancy.

"Title Company" means the issuer of the mortgagee's policy of title insurance with respect to any Security Instrument, as approved by Lender in its discretion.

"Trailing 12 Month Period" means, for any specified date, the twelve (12) month period ending with the last day of the most recent fiscal quarter of Borrower for which financial statements have been delivered by Borrower to the Lender pursuant to Section 5.1.5 hereof.

"Wells REIT" means Wells Real Estate Investment Trust, Inc., a Maryland corporation.

ARTICLE TWO - REVOLVING LOAN

2.1 Commitment. Subject to the terms and conditions set forth in this Loan Agreement, Lender agrees and commits to make Advances to Borrower from time to time during the Commitment Period in an aggregate principal

amount not to exceed, at any one time outstanding, the lesser of (i) the Maximum Loan Amount or (b) the Borrowing Base. Within the aforesaid limits, Borrower may, at its option, from time to time, subject to the terms and conditions hereof, without penalty, borrow, repay, and reborrow amounts under the Revolving Loan.

2.2 Calculation of Borrowing Base. Lender shall calculate the Borrowing Base on the Closing Date and as of the end of each fiscal quarter of Borrower subsequent to the Closing Date within ten (10) days after Lender's receipt of the financial statements, reports, and certificates required under Section 5.1.5 hereof with respect to the Properties. If Borrower fails to deliver any such financial statements, reports, and certificates within the time limits prescribed in Section 5.1.5 hereof with respect to any Property, then Lender may, in its sole discretion, exclude such Property entirely for purposes of calculating the Borrowing Base. At Borrower's request, Lender shall notify Borrower in writing as to the amount of the Borrowing Base so calculated by Lender and the basis thereof in reasonably detail. Lender's calculation of the Borrowing Base shall be binding and conclusive upon Borrower absent manifest error. Lender may, in good faith but in its discretion, consider any and all information and data available to Lender regarding the Properties in determining the Borrowing Base and shall not be restricted only to the financial statements, reports, and certificates delivered by Borrower to Lender.

2.3 Overadvances. If the aggregate amount of Advances outstanding under the Revolving Loan at any time exceeds the Borrowing Base as the result of a decline in the Borrowing Base or for any other reason whatsoever (the amount of such excess being herein referred to as an "Overadvance"), then Borrower shall pay to Lender an amount equal to such Overadvance within seven (7) Business Days after notice from Lender of such Overadvance. Until so paid, any Overadvance shall bear interest as provided in the Revolving Note and shall constitute Obligations which are secured by the Collateral pursuant the Security Documents.

2.4 Funding of Advances. To obtain an Advance, Borrower may from time to

time deliver to Lender a written request for an Advance (an "Advance Request"). In each Advance Request, Borrower shall specify the amount and intended use of the requested Advance and the date that the requested Advance is to be made (which date shall be at least five (5) Business Days after Lender's receipt of the Advance Request). Each Advance shall be accompanied by an Officer's Certificate certifying that (i) Borrower has complied with and is in compliance with all terms, covenants, and conditions of this Loan Agreement and the other Loan Documents, (ii) no Default or Event of Default exists or, if such is not the case, that one or more specified Defaults or Events of Default have occurred, and (iii) the representations and warranties contained in this Loan Agreement are true with the same effect as though made on the date of such Officer's Certificate. Each Advance shall be in the minimum amount of $2,000,000.00. If all conditions precedent to such Advance contained in Article Three hereof are satisfied, Lender shall make the requested Advance by depositing the proceeds thereof into the Loan Account. Each Advance shall be made at the main office of Lender in Birmingham, Alabama (or such other place as Lender may designate), and Lender not be obligated to make more an one (1) Advance per calendar month during the Commitment Period. Each submission by Borrower to Lender of an Advance Request (whether or not such Advance Request complies with the provisions of this Section) shall constitute Borrower's representation and warranty to Lender that all conditions to the Advance set forth in this Loan Agreement are satisfied. The provisions of this Section are solely for the benefit of Lender. Lender may, at its election, make one or more Advances to Borrower upon written or oral disbursement requests not complying with the requirements of this Section, and all such Advances shall, in the absence of bad faith by Lender, conclusively be deemed to be within the Obligations to the same extent as if they were made in strict compliance with the requirements of this Section.

2.5 Interest Rate and Repayment Terms. Interest shall accrue of the principal amount outstanding under the Revolving Loan at the rate(s), and calculated by the method, set forth in the Revolving Note. Accrued interest shall be paid monthly on the dates set forth in the Note. Unless payment is required to be made earlier under the terms of the Note or this Loan Agreement following the occurrence of an Event of Default, Borrower shall pay the entire principal amount outstanding under the Revolving Loan, together with all accrued but unpaid interest and other agreed charges, in full on the Maturity Date.

2.6 Commitment Fee. Borrower shall pay to Lender a commitment fee in the amount of $33,357.00 (the "Commitment Fee"), which Commitment Fee (i) shall be deemed fully earned at the closing of the transactions contemplated hereby, (ii) shall be paid at the time of the initial Advance under the Loan, and (iii) shall not be subject to refund or rebate under any circumstance whatsoever. The Commitment Fee is intended to compensate Lender for the costs associated with the origination, structuring, processing, approving, and closing of the transactions contemplated by this Loan Agreement, including, but not limited to, administrative and general overhead, but not including any out-of-pocket or other expenses for which Borrower has agreed to reimburse Lender pursuant to any other provisions of this Loan Agreement or any of the Loan Documents.

2.7 Advance Fee. Concurrently with the making of any Advance by Lender to Borrower, Borrower shall pay to Lender a fee in the amount equal to 0.125% of the Advance amount (each an "Advance Fee"). Each Advance Fee (i) shall be deemed fully earned at the time the Advance is made and (ii) shall not be subject to refund or rebate under any circumstance whatsoever. The Advance Fee is intended to compensate Lender for the costs associated with the administration, processing, and closing of each Advance, including, but not limited to, administrative and general overhead, but not including any out-of-pocket or other expenses for which Borrower has agreed to reimburse Lender

pursuant to any other provisions of this Loan Agreement or any of the Loan Documents.

ARTICLE THREE - CONDITIONS PRECEDENT

3.1 General Conditions Precedent. The obligations of Lender under this Loan Agreement to close the Revolving Loan, to make the initial Advance hereunder, and to add any Property to the Collateral Pool (and to include such Property in the determination of the Borrowing Base) are subject to the satisfaction of the following conditions precedent:

3.1.1 Execution of Loan Documents. Execution, delivery, and, when appropriate, recording or filing of this Loan Agreement, the Note, the Guaranty Agreement, the Security Documents, and all other Loan Documents, all in form and content satisfactory to Lender.

3.1.2 Delivery of Advance Request. Receipt by Lender of an Advance Request with respect to the initial Advance.

3.1.3 Payment of Commitment Fee and Advance Fee. With respect to the closing of the Revolving Loan and the making of the initial Advance, payment by Borrower of the Commitment Fee and the Advance Fee applicable to the initial Advance.

3.1.4 Payment of Expenses. The payment or reimbursement by Borrower of all expenses incurred by or due to Lender in connection with the Revolving Loan, the Loan Documents, and the addition of the Property to the Collateral Pool, including, but not limited to, tax service monitoring fees, fees and taxes on the Security Documents (including recording taxes), title insurance premiums, and fees and expenses of Lender's counsel.

3.1.5 Proceedings. Receipt by Lender of certified copies of the organizational documents for Borrower, together with evidence that Borrower is qualified, registered, and in good standing in the state of its organization or formation and in the state where the Property is located (or evidence satisfactory to Lender and its counsel that such qualification and registration is not required under Legal Requirements), and certified resolutions of the governing body of Borrower authorizing the Loan, the execution and delivery of the Loan Documents, the addition of the Property to the Collateral Pool, and the consummation or undertaking of all Obligations.

3.1.6 Legal Opinions. Receipt by Lender's counsel of an opinion of counsel for Borrower Parties in form and substance satisfactory to Lender's counsel.

3.1.7 Other Matters. Such additional legal opinions, certificates, proceedings, instruments, and other documents required under the terms of the Commitment or as Lender or its counsel may reasonably request to evidence (i) compliance by Borrower with Legal Requirements, (ii) the truth and accuracy, as of the date of this Loan Agreement, of the representations and

warranties of Borrower contained herein, and (iii) the due performance or satisfaction by Borrower, at or prior to the date hereof, of all agreements required to be performed and all conditions required to be satisfied by Borrower pursuant hereto.

3.2 Further Conditions Precedent to Addition of Properties to Collateral Pool. In addition to the conditions precedent set forth in Section 3.1 above, no Property shall be added to the Collateral Pool, nor shall any Property be included for purposes of determining the Borrowing Base, unless and until the following conditions precedent have been satisfied with respect to such Property:

3.2.1 Survey. Receipt by Lender of a current survey of the Property prepared by a registered land surveyor in accordance with Lender's standard survey memorandum and including the certification of the surveyor as to whether the Property or any portion thereof is within or without a special flood hazard area according to a FIA flood hazard boundary map issued by the Department of Housing and Urban Development Federal Insurance Administration.

3.2.2 Title Insurance. Receipt by Lender of a paid title insurance policy issued by the Title Company in form and content acceptable to Lender, which insures that Lender holds a valid first lien and security interest in the Mortgaged Property pursuant to the Security Instrument, free and clear of all defects and encumbrances except the Permitted Encumbrances and such other matters as Lender might approve in its discretion, and containing (i) full coverage against liens of mechanics, materialman, laborers, and any other parties who might claim statutory or common law liens, (ii) no other "standard exceptions" to coverage, including survey exceptions, other than those approved by Lender, (iii) a "tie in" endorsement in form and substance satisfactory to counsel for Lender, and (iv) any additional endorsements reasonably required by Lender.

3.2.3 Lien Search. Receipt by Lender of a certification from the Title Company or an attorney acceptable to Lender (which shall be updated from time to time at Borrower's expense upon request by Lender) that a search of the public records disclosed no conditional sales contract, chattel mortgages, leases of personalty, financing statements, title retention agreements, tax liens, or judgment liens that affects the Property, except those in favor of Lender.

3.2.4 Appraisal. Receipt by Lender of an appraisal of the Property prepared in conformity with Lender's standard requirements.

3.2.5 Environmental Assessment. Receipt by Lender of an environmental site assessment of the Property prepared in conformity with Lender's standard guidelines and otherwise acceptable to Lender in all respects.

3.2.6 Operating Statements and Rent Roll. Receipt by Lender of current Operating Statements and Rent Rolls for the Property, certified as true and correct by the chief financial officer of

Borrower, which shall be in form and content acceptable to Lender and are sufficient for Lender to determine the Net Operating Income for the Property for the Trailing 12 Month Period.

3.2.7 Insurance. Receipt by Lender of suitable policies of insurance against fire and other hazards in accordance with applicable requirements of this Loan Agreement, the Security Documents, any Major Lease, and Legal Requirements.

3.2.8 Access and Utilities. Receipt by Lender of evidence satisfactory to Lender as to (i) the methods of access to and egress from the Property and nearby or adjoining public ways, meeting the reasonable requirements of projects that are similar to the Property and the status of completion of any required improvements to such access, (ii) the availability of storm and sanitary sewer facilities meeting the reasonable requirements of the Property, and (iii) the availability of all other required utilities, in location and capacity sufficient to meet the reasonable needs of the Property.

3.2.9 Legal Requirements. Receipt by Lender of evidence satisfactory to Lender as to the compliance of the Property with Legal Requirements.

3.2.10 Leases. Receipt by Lender of a certified copy of all Leases in effect with respect to the Property, containing terms and conditions that are acceptable to Lender in its discretion, together with such supplementary agreements from Tenants as Lender might request, including an estoppel letter and a subordination and attornment agreement in form and substance satisfactory to Lender.

3.2.11 Management Agreement. Receipt by Lender of the Management Agreement, together with a subordination agreement, in form satisfactory to Lender, pursuant to which the Manager's rights under the Management Agreement are subordinated to the rights of Lender pursuant to the Loan Documents and addressing such other matters as Lender may request.

3.2.12 Accuracy of Representations and Warranties. All representations and warranties of Borrower contained in this Loan Agreement or in the other Loan Documents pertaining to the Property (other than those representations and warranties which are, by their terms, expressly limited to the date made or given) shall be true and correct in all material respects as of the Collateral Addition Date with the same effect as those such representations and warranties had been made on and as of the date of such Collateral Addition Date, and Lender shall have received an Officer's Certificate dated as of the Collateral Additional Date from Borrower certifying to the foregoing matters.

3.2.13 Other Matters. Such additional legal opinions, certificates, proceedings, instruments, and other documents as Lender or its counsel may reasonably request to evidence (i) compliance of the Property with Legal Requirements, (ii) the truth and accuracy, as of the Closing Date of the representations and warranties of Borrower contained herein, and (iii) the due

performance or satisfaction by Borrower, at or prior to the Closing Date, of all agreements required to be performed and all conditions required to be satisfied by Borrower pursuant hereto.

3.3 Conditions Precedent to Future Advances. The obligation of Lender to make any Advance after the initial Advance hereunder is subject to the performance by Borrower of its Obligations to be performed hereunder at or prior to the disbursement of such Advance and to the satisfaction of the following conditions at the time of (and after giving effect to) the making of such Advance:

3.3.1 No Default. After giving effect to the Advance to be made, no Default or Event of Default has occurred or will occur as of the date of such Advance.

3.3.2 Accuracy of Representations and Warranties. All representations and warranties of Borrower contained in this Loan Agreement or in the other Loan Documents (other than those representations and warranties which are, by their terms, expressly limited to the date made or given) shall be true and correct in all material respects with the same effect as those such representations and warranties had been made on and as of the date of such Advance.

3.3.3 No Adverse Proceedings. No action or proceeding have been instituted or be pending before any court or other Governmental Authority or, to the knowledge of Borrower, threatened, which reasonably could be expected to have a Material Adverse Effect or the intended or actual use, occupancy, or operation of the Properties.

3.3.4 No Violations. The Advance to be made and the use thereof shall not contravene, violate, or conflict with, or involve Lender in any violation of, any Legal Requirement.

3.4 No Waiver. If Lender, at its option, elects to make one or more Advances prior to receipt and approval of all items required by this Article Three, such election shall not obligate Lender to make any subsequent Advance

requested by Borrower. The closing of the Revolving Loan and execution of this Loan Agreement shall not be construed as approval by Lender of items submitted prior to closing or as a waiver of the right to require other items required by this Loan Agreement or corrections or additional items that might be necessary to Lender upon Lender's review of any items received after closing.

ARTICLE FOUR - REPRESENTATIONS AND WARRANTIES

4.1 Representations and Warranties Regarding Borrower Parties. Borrower represents and warrants to Lender that:

4.1.1 Due Organization and Qualification. Borrower is a limited partnership duly organized, validly existing, and in good standing under the laws of the state of its formation as set forth in the heading of this Loan Agreement and is qualified to transact business and is in good standing in each state in which the Properties are located and in each other jurisdiction where the

failure to be so qualified and to be in good standing would adversely affect the conduct of its business or the validity of, the enforceability of, or the ability of Borrower to perform, the Obligations.

4.1.2 Power and Authority. Borrower has the requisite power and authority to (i) to own the its properties and to carry on its business as now conducted and as contemplated to be conducted in connection with the performance of the Obligations hereunder and under the other Loan Documents and (ii) to execute and deliver this Loan Agreement and the other Loan Documents, to incur and perform the Obligations, and to carry out the transactions contemplated by this Loan Agreement and the other Loan Documents.

4.1.3 Due Authorization. The execution, delivery, and performance of this Loan Agreement and the other Loan Documents have been duly authorized by all necessary action and proceedings by or on behalf of Borrower, and no further approvals or filings of any kind, including any approval of or filing with any Governmental Authority, are required by or on behalf of Borrower as a condition to the valid execution, delivery, and performance by Borrower of this Loan Agreement and the other Loan Documents.

4.1.4 Enforceability. This Loan Agreement and each of the other Loan Documents have been duly authorized, executed, and delivered by Borrower and constitute the legal, valid, and binding obligation of Borrower, enforceable against Borrower in accordance with their respective terms, except as such enforceability may be affected by applicable conservatorship, bankruptcy, insolvency, reorganization, moratorium, or similar laws affecting the enforcement of creditors' rights generally. This Loan Agreement and the other Loan Documents are not subject to any right of rescission, set-off, counterclaim, or defense by Borrower, including the defense of usury, and Borrower has not asserted any right of rescission, set-off, counterclaim, or defense with respect thereto.

4.1.5 No Conflicts. Neither the execution and delivery of this Loan Agreement and the other Loan Documents, nor the fulfillment of or compliance with the terms and conditions of this Loan Agreement and the other Loan Documents, nor the performance of the Obligations (i) conflicts with or result in (or will conflict with or result in) any breach or violation of any Legal Requirement enacted or issued by any Governmental Authority or other agency having jurisdiction over Borrower or any of the Properties, or any judgment or order applicable to Borrower, or to which Borrower or any of the Properties is subject; (ii) conflicts with or result in (or will conflict with or result in) any material breach or violation of, or constitute a default under, any of the terms, conditions, or provisions of Borrower's

organizational documents, any indenture, existing agreement, or other instrument to which Borrower is a party, or to which Borrower or any of the Properties is subject; (iii) results in or requires (or will result in or require) the creation of any lien on all or any of the Properties, except for the Permitted Encumbrances; or (iv) requires (or will require) the consent or approval of any creditor of Borrower, any Governmental Authority, or any other Person except such consents or approvals that have already been obtained.

4.1.6 Pending Litigation or other Proceedings. There is no pending or, to the best knowledge of Borrower, threatened action, suit, proceeding, or investigation, at law or in equity, before any court, board, body, or official of any Governmental Authority or arbitrator against or affecting any of the Properties or any other portion of the Collateral or other assets of Borrower, which, if decided adversely to Borrower, would have, or may reasonably be expected to have, a Material Adverse Effect. Borrower is not in default with respect to any order of any Governmental Authority.

4.1.7 Solvency. Borrower is not insolvent and will not be rendered insolvent by the transactions contemplated by this Loan Agreement or the other Loan Documents, and after giving effect to such transactions, Borrower will not be left with an unreasonably small amount of capital with which to engage in its business or undertakings, nor will Borrower have incurred, have intended to incur, or believe that it has incurred, debts beyond its ability to pay such debts as they mature. Borrower did not receive less than a reasonably equivalent value in exchange for incurrence of the Obligations. There (i) is no contemplated, pending or, to the best of Borrower's knowledge, threatened bankruptcy, reorganization, receivership, insolvency, or like proceeding, whether voluntary or involuntary, affecting any Borrower Party or any of the Properties and (ii) has been no assertion or exercise of jurisdiction over any Borrower Party or any of the Properties by any court empowered to exercise bankruptcy powers.

4.1.8 No Contractual Defaults. There are no defaults by Borrower or, to the knowledge of Borrower, by any other Person under any contract to which Borrower is a party relating to any of the Properties, including any management, rental, service, supply, security, maintenance, or similar contract, other than defaults which do not permit the non-defaulting party to terminate the contract and which do not have, and are not reasonably be expected to have, a Material Adverse Effect. Neither Borrower nor, to the knowledge of Borrower, any other Person, has received notice or has any knowledge of any existing circumstances in respect of which it could receive any notice of default or breach in respect of any contracts affecting or concerning any of the Properties.

4.1.9 Compliance with the Loan Documents. Borrower is in compliance with all provisions of the Loan Documents to which it is a party or by which it is bound. The representations and warranties made by Borrower in the Loan Documents are true, complete and correct and do not contain any untrue statement of material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

4.1.10 Non-Foreign Person. Borrower is not a "foreign person" within the meaning of (S) 1445(f)(3) of the Internal Revenue Code.

4.1.11 ERISA. Neither Borrower nor Wells REIT has established and is a party to an "employee benefit plan" within the meaning of Section 3(3) of Employee Retirement Income Security Act of 1974, as amended from time to time ("ERISA"), or any other option or deferred compensation plan or contract for the benefit of its employees or officers, pension, profit sharing or retirement plan,

redemption agreement, or any other agreement or arrangement with any officer, director or owner, members of their families, or trusts for their benefit, and the assets of Borrower do not and shall not constitute "plan assets" of one more such plans for purposes of ERISA.

4.1.12 Ownership. The ownership of all interests in Borrower have been accurately disclosed to Lender in writing. Except for warrants that have been issued to some of the directors of Wells REIT, there are no outstanding warrants, options, or rights to purchase any ownership interests of Borrower, nor does any Person have a Lien upon any of the ownership interests of Borrower.

4.1.13 Investment Company Act. Borrower is not (i) an "investment company" or a company "controlled" by an "investment company," within the meaning of the Investment Company Act of 1940, as amended, (ii) a "holding company" or a "subsidiary company" of a "holding company" or an "affiliate" of either a "holding company" or a "subsidiary company" within the meaning of the Public Utility Holding Company Act of 1935, as amended, or (iii) subject to any other federal or state law or regulation that purports to restrict or regulate its ability to borrow money.

4.1.14 Financial Information. The financial projections relating to Borrower and delivered to the Lender on or prior to the date hereof, if any, were prepared on the basis of assumptions believed by Borrower, in good faith at the time of preparation, to be reasonable, and Borrower is not aware of any fact or information that would lead it to believe that such assumptions are incorrect or misleading in any material respect; provided, however, that no representation or warranty is made that any result set forth in such financial projections shall be achieved. The financial statements of Borrower and any Rent Roll for the Properties which have been furnished to Lender are complete and accurate in all material respects and present fairly the financial condition of Borrower and the leasing status of the Properties, and there are no liabilities, direct or indirect, fixed or contingent, as of the respective dates of such financial statements which are not reflected therein or in the notes thereto or in a written certificate delivered with such statements. The financial statements of Borrower have been prepared in accordance with GAAP. Since the date of the most recent of such financial statements, no event has occurred which would have, or may reasonably be expected to have, a Material Adverse Effect, and there has not been any material transaction entered into by Borrower other than transactions in the ordinary course of business. Borrower has filed all federal, state, and local tax returns that are required to be filed and has paid, or made adequate provision for the payment of, all taxes that have or may become due pursuant to such returns or to assessments received by Borrower.

4.1.15 Accuracy of Information. No information, statement, or report furnished in writing to Lender by Borrower in connection with this Loan Agreement or any other Loan Document, or in connection with the consummation of the transactions contemplated hereby and thereby, contains any material misstatement of fact or omits to state a material fact necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading.

4.1.16 No Conflicts of Interest. To the best knowledge of Borrower, no officer, agent, or employee of Lender has been or is in any manner interested, directly or indirectly, in that Person's own

name, or in the name of any other Person, in the Loan Documents, Borrower, or any of the Properties, in any contract for property or materials to be furnished or used in connection with the Property, or in any aspect of the transactions contemplated by the Loan Documents.

4.1.17 No Reliance. Borrower acknowledges, represents, and warrants that it understands the nature and structure of the transactions contemplated by this Loan Agreement and the other Loan Documents, that it is familiar with the provisions of all of the documents and instruments relating to such transactions, that it understands the risks inherent in such transactions, including the risk of loss of the Collateral or a part thereof, and that it has not relied on Lender for any guidance or expertise in analyzing the financial or other consequences of the transactions contemplated by this Loan Agreement or any other Loan Document or otherwise relied on Lender in any manner in connection with interpreting, entering into, or otherwise in connection with this Loan Agreement, any other Loan Document, or any of the matters contemplated hereby or thereby.

4.1.18 Contracts with Affiliates. Except as otherwise approved in writing by Lender, Borrower has not entered into and is not a party to any contract, lease, or other agreement with any Affiliate of Borrower for the provision of any service, materials, or supplies to the Property (including any contract, lease, or agreement for the provision of property management services (other than the Management Agreement), cable television services or equipment, gas, electric or other utilities, security services or equipment, laundry services or equipment or telephone services or equipment).

4.1.19 Lines of Business. Borrower is not engaged in any businesses other than the acquisition, ownership, development, construction, leasing, financing, or management of commercial properties, and the conduct of these businesses does not violate the organizational documents pursuant to which it is formed.

4.2 Representations and Warranties Regarding Properties. Borrower represents and warrants to Lender that, as of the Closing Date with respect to each Property included in the Collateral Pool as of the Closing Date, and as of the Collateral Addition Date with respect to each Property added to the Collateral Pool subsequent to the Closing Date:

4.2.1 Title. Borrower has good, valid, marketable, and indefeasible title to the Property, free and clear of all liens whatsoever except the Permitted Encumbrances. The Security Instrument, if and when properly recorded in the appropriate records, together with any Uniform Commercial Code financing statements required to be filed in connection therewith, will create a valid, perfected first lien on the Collateral intended to be encumbered thereby (including the Leases and the rents and all rights to collect rents under such Leases), subject only to Permitted Encumbrances. Except for any Permitted Encumbrances, there are no lens or claims for work, labor,or materials affecting the Property that are or may be prior to, subordinate to, or of equal priority with, the liens created by the Loan Documents. The Permitted Encumbrances do not have, and may not reasonably be expected to have, a Material Adverse Effect.

4.2.2 Impositions. Borrower has filed all property and similar

tax returns required to have been filed by it with respect to the Property and has paid and discharged, or caused to be paid and discharged, all installments for the payment of all taxes due to date, and all other material Impositions imposed against, affecting, or relating to the Property other than those which have not become due, together with any fine, penalty, interest, or cost for nonpayment pursuant to such returns or pursuant to any assessment received by it. Borrower has no knowledge of any new proposed tax, levy, or other governmental or private assessment or charge in respect of the Property which has not been disclosed in writing to Lender.

4.2.3 Zoning. The Property complies in all material respects with all Legal Requirements. Without limiting the foregoing, all material Permits, including certificates of occupancy, have been issued and are in full force and effect. Neither Borrower nor, to the knowledge of Borrower, any former

owner of the Property, has received any written notification or threat of any actions or proceedings regarding the noncompliance or nonconformity of the Property with any Legal Requirements, nor is Borrower otherwise aware of any such pending actions or proceedings.

4.2.4 Leases. The Leases described in Exhibit A attached hereto are the only Leases in effect with respect to the Property. Borrower has delivered to Lender a true and correct copy of all such Leases, and such Leases have not been modified, altered, or amended and constitute the complete agreement among the parties named therein with respect to the subject matter thereof.

4.2.5 Status of Landlord under Leases. Except for any assignment of leases and rents which is a Permitted Lien or which is to be released in connection with the consummation of the transactions contemplated by this Loan Agreement, Borrower is the owner and holder of the landlord's interest under each of the Leases, and there are no prior outstanding assignments of any such Lease, or any portion of the rents, additional rents, charges, issues or profits due and payable or to become due and payable thereunder.

4.2.6 Enforceability of Leases. Each Lease constitutes the legal, valid, and binding obligation of Borrower and, to the knowledge of Borrower, of each of the other parties thereto, enforceable in accordance with its terms, subject only to bankruptcy, insolvency, reorganization or other similar laws relating to creditors' rights generally, and equitable principles, and except as disclosed in writing to Lender, no notice of any default by Borrower which remains uncured has been sent by any tenant under any such Lease, other than defaults which do not have, and are not reasonably expected to have, a Material Adverse Effect on the Project.

4.2.7 No Lease Options. All premises demised to Tenants under Leases are occupied by such Tenants as tenants only. Except as otherwise provided in the Leases, no Lease contains any option or right to purchase, right of first refusal, or any other similar provisions. No option or right to purchase, right of first refusal, purchase contract, or similar right exists with respect to the Property, except as set forth in the Lease.

4.2.8 Insurance. Borrower has delivered to Lender true and

correct certified copies of all insurance policies currently in effect with respect to the Property. Each such insurance policy complies in all material respects with the requirements set forth in the Loan Documents.

4.2.9 Tax Parcels. The Property is on one or more separate tax parcels, and each such parcel (or parcels) is (or are) separate and apart from any other property.

4.2.11 Encroachments. Except as disclosed on the survey delivered to Lender with respect to the Property, none of the Improvements encroaches upon the property of any other Person or upon any easement encumbering the Property nor lies outside of the boundaries and building restriction lines of the Property, and no improvement located on property adjoining the Property lies within the boundaries of or in any way encroaches upon the Property.

4.2.12 Independent Unit. Except for Permitted Encumbrances or as disclosed in the title insurance policy or survey for the Property delivered to Lender, the Property is an independent unit that does not rely on any drainage, sewer, access, parking, structural, or other facilities located on any property not included in either the Property or on public or utility easements for the (i) fulfillment of any zoning, building code, or other requirement of any Governmental Authority that has jurisdiction over the Property, (ii) structural support, or (iii) the fulfillment of the requirements of any Lease or other

agreement affecting such Property. Borrower, directly or indirectly, has the right to use all amenities, easements, public or private utilities, parking, access routes, or other items necessary or currently used for the operation of the Property. All public utilities are installed and operating at the Property, and all billed installation and connection charges have been paid in full. The Property is either (x) contiguous to or (y) benefits from an irrevocable unsubordinated easement permitting access from the Property to a physically open, dedicated public street, and has all necessary permits for ingress and egress and is adequately serviced by public water, sewer systems, and utilities. No building or other improvement not located on the Property relies on any part of the Property to fulfill any zoning requirements, building code, or other requirement of any Governmental Authority that has jurisdiction over the Property for structural support or to furnish to such building or improvement any essential building systems or utilities.

4.2.13 Condition of the Property. Except as disclosed in any third party report delivered to Lender or otherwise disclosed in writing by Borrower to Lender prior to the Closing Date, the Property is in good condition, order, and repair, there exist no structural or other material defects in the Property (whether patent or, to the best knowledge of Borrower, latent or otherwise), and Borrower has not received notice from any insurance company or bonding company of any defects or inadequacies in the Property, or any part of it, which would adversely affect the insurability of the Property or cause the imposition of extraordinary premiums or charges for insurance, or of any termination or threatened termination of any policy of insurance or bond. No claims have been made against any contractor, architect, or other party with respect to the condition of the Property or the

existence of any structural or other material defect therein. The Property has not been materially damaged by casualty which has not been fully repaired or for which insurance proceeds have not been received or are not expected to be received except as previously disclosed in writing to Lender. No proceedings are pending or, to the best of Borrower's knowledge, threatened to acquire by power of condemnation or eminent domain any portion of the Property, or any interest therein, or to enjoin or similarly prevent the use of the Property.

4.3 Continuing Effectiveness. Borrower acknowledges and agrees that Lender has materially relied upon the representations and warranties set forth in this Article. All representations and warranties contained herein shall continue in effect at all times while any Obligations remain outstanding and shall be incorporated by reference in each Request submitted by Borrower, unless Borrower specifically notifies Lender of any change therein.

ARTICLE FIVE - COVENANTS

5.1 Covenants Pertaining To Borrower Generally. Borrower covenants and agrees that, from the date of this Loan Agreement and so long as the Obligations remain outstanding, Borrower shall comply with, perform, and observe at all times the following covenants:

5.1.1 Maintain Existence. Borrower shall maintain its existence as a limited partnership in good standing under the laws of the state of its formation. Borrower Party shall continue to be duly qualified to do business in each jurisdiction in which such qualification is necessary to the conduct of its business and where the failure to be so qualified would adversely affect the validity of, the enforceability of, or the ability to perform, its obligations under this Loan Agreement or any other Loan Document and its qualification to conduct business in the state in which the Property is located. Borrower shall permit no amendment or modification of, in any material respect, the organizational documents of Borrower without obtaining the prior written consent of Lender, which consent shall not

be unreasonably withheld or delayed. Borrower shall not dissolve or liquidate in whole or in part, or merge or consolidate with any Person. Borrower shall not change the location of its chief executive office without first giving Lender at least thirty (30) days prior written notice thereof and promptly providing Lender such information as Lender may request in connection therewith.

5.1.2 Operation and Separateness. Borrower shall (i) engage in no business or activity other than the ownership, management, and operation of the Properties and commercial properties, (ii) enter into no contract or agreement with any Affiliate except upon terms and conditions that are intrinsically fair and substantially similar to those that would be available on an arms-length basis with third parties other than such Affiliate, (iii) make no loan or advance to any Person (including any Affiliate), (iv) hold itself out to the public as a legal entity separate and distinct from any other Person (including any Affiliate), (v) maintain adequate capital for the normal obligations reasonably foreseeable in a business of its size and character and in light of its contemplated business operations, and (vi) maintain its assets in such a manner that it shall not be costly or difficult to segregate, ascertain, or identify its individual assets from those of any Affiliate or any other Person.

5.1.3 Books and Records. Borrower shall keep and maintain at all times complete and accurate books of accounts and records in sufficient detail to correctly reflect all of Borrower's financial transactions and assets and the results of the operation of the Properties, which books and records shall reflect the consistent application of accepted accounting methods, and copies of all written contracts, Leases and other instruments which affect the Properties (including all bills, invoices and contracts for electrical service, gas service, water and sewer service, waste management service, telephone service and management services). Borrower shall make such books and records available at reasonable times for inspection and copying by Lender or its agent. Borrower shall not change its methods of accounting without the prior written consent of Lender.

5.1.4 Reports and Notices. Borrower shall promptly inform Lender in writing of any of the following (and shall deliver to the Lender copies of any related written communications, complaints, orders, judgments and other documents relating to the following) of which Borrower has actual knowledge: (a) The occurrence of any Default or Event of Default under this Loan Agreement or any other Loan Document; (b) the commencement or threat of, or amendment to, any proceedings by or against Borrower in any federal, state, or local court or before any Governmental Authority, or before any arbitrator, which, if adversely determined, would have, or at the time of determination may reasonably be expected to have, a Material Adverse Effect; (c) the commencement or threat of any condemnation or similar proceedings with respect to any Property or of any proceeding seeking to enjoin the intended use of any Property or any portion thereof; (d) the occurrence of any material change in Legal Requirements; (e) the commencement of any proceedings by or against Borrower under any applicable bankruptcy, reorganization, liquidation, insolvency, or other similar law now or hereafter in effect or of any proceeding in which a receiver, liquidator, trustee, or other similar official is sought to be appointed for it; (f) the receipt of notice from any Governmental Authority having jurisdiction over Borrower that (i) Borrower is being placed under regulatory supervision, (ii) any license, Permit, charter, membership, or registration material to the conduct of Borrower's business or any Property is to be suspended or revoked, or (iii) Borrower is to cease and desist any practice, procedure, or policy employed by Borrower, as the case may be, in the conduct of its business, and such cessation would have, or may reasonably be expected to have, a Material Adverse Effect; and (g) the occurrence of any act, omission, change, or event which has a Material Adverse Effect.

5.1.5 Future Financial and Operating Statements. Borrower shall furnish or cause to be furnish to Lender within the time periods specified, the following financial reports and information:

(a) Annual Financial Statements. As soon as available, and in any event within ninety (90) days after the close of its fiscal year, the audited consolidated balance sheet of Wells REIT and Borrower as of the end of such fiscal year, the audited consolidated statement of income, equity and retained earnings of Wells REIT and Borrower for such fiscal year, and the audited consolidated statement of cash flows of Wells REIT and Borrower for such fiscal year, all in reasonable detail and stating in comparative form the respective figures for the corresponding date and period in the prior fiscal year, prepared in

accordance with GAAP, consistently applied, and accompanied by a certificate of Wells REIT's independent certified public accountants to the effect that such financial statements have been prepared in accordance with GAAP, consistently applied, and that such financial statements fairly present the results of its operations and financial condition for the periods and dates indicated, with such certification to be free of exceptions and qualifications as to the scope of the audit or as to the going concern nature of the business.

(b) Quarterly Financial Statements. As soon as avail-able, and in any event within forty-five (45) days after each of the first three fiscal quarters of each fiscal year, the unaudited consolidated balance sheet of Wells REIT and Borrower as of the end of such fiscal quarter, the unaudited consolidated statement of income and retained earnings of Wells REIT and Borrower, and the unaudited consolidated statement of cash flows of Wells REIT and Borrower for the portion of the fiscal year ended with the last day of such quarter, all in reasonable detail and stating in comparative form the respective figures for the corresponding date and period in the previous fiscal year, accompanied by a certificate of the Chief Financial Officer of Wells REIT to the effect that such financial statements have been prepared in accordance with GAAP, consistently applied, and that such financial statements fairly present the results of its operations and financial condition for the periods and dates indicated subject to year end adjustments in accordance with GAAP.

(c) Quarterly Project Statements. As soon as available, and in any event within forty-five (45) days after the first three fiscal quarters of each fiscal year, an Operating Statement and Rent Roll for the Project accompanied by a certificate of the Chief Financial Officer of Wells REIT to the effect that each such Operating Statement and Rent Roll fairly, accurately, and completely present the operations and leasing status of the Project for, or as of the end of, the period indicated (provided that no Rent Roll shall be required for the Project which is leased entirely under a single Lease).

(d) Annual Property Statements. As soon as available and in any event within forty-five (45) days of the end of its fiscal year, an annual Operating Statement for each Property accompanied by a certificate of the Chief Financial Officer of Wells REIT to the effect that each such Operating Statement fairly, accurately, and completely presents the operations of each such Property for the period indicated.

(e) Security Law Reporting Information. So long as Wells REIT is a reporting company under the Securities and Exchange Act of 1934, promptly upon becoming available, (i) copies of all financial statements, reports, and proxy statements sent or made available generally by Wells REIT or Borrower, or any of their Affiliates, to their respective security holders, (ii) all regular and periodic reports and all registration statements (other than the exhibits thereto and any registration statements on Form S-8 or a similar form) and prospectuses, if any, filed by Wells REIT or Borrower, or any of their Affiliates, with the Securities and Exchange Commission or other Governmental Authorities, and (iii) all press releases and other statements made

available generally by Wells REIT or Borrower, or any of their Affiliates, to the public concerning material developments in the business of Wells REIT or other party.

(f) Accountants' Reports. Promptly upon receipt thereof, copies of any reports or management letters submitted to Wells REIT or Borrower by their independent certified public accountants in connection with the examination of its financial statements made by such accountants (except for reports otherwise provided pursuant to subsection (a) above); provided, however, that Borrower shall only be required to deliver such reports and management letters to the extent that they relate to Wells REIT, Borrower, or any Property.

(g) Tenant Information. As soon as available, all financial reports and statements furnished by tenants to Borrower pursuant to the Leases.

(h) Additional Information. Such additional financial information (including tax returns, detailed cash flow information, and contingent liability information) of Borrower at such times as Lender shall deem necessary.

Borrower shall furnished to Lender with each quarterly and annual financial statements an Officer's Certificate certifying that (x) Borrower has complied with and is in compliance with all terms, covenants and conditions of this Loan Agreement, (y) no Default or Event of Default exists or, if such is not the case, that one or more specified Defaults or Events of Default have occurred, and (z) the representations and warranties contained in this Loan Agreement are true with the same effect as though made on the date of such certificate.

5.1.6 Security Deposit Information. Upon the Lender's request, Borrower shall furnish an accounting of all security deposits held in connection with any Lease of any part of the Property, including the name and identification number of the accounts in which such security deposits are held, the name and address of the financial institutions in which such security deposits are held and the name and telephone number of the person to contact at such financial institution, along with any authority or release necessary for the Lender to access information regarding such accounts.

5.1.7 Changes in Accounting. Borrower shall not change its methods of accounting, unless such change is permitted by GAAP, and provided such change does not have the effect of curing or preventing what would otherwise be a Default or an Event of Default had such change not taken place.

5.1.8 Taxes and Insurance. Borrower shall pay promptly when due and before the accrual of penalties thereon all taxes, including all real and personal property taxes and assessments levied or assessed against Borrower or the Properties (or any portion thereof), and provide Lender with

receipted bills therefor if requested by Lender. Borrower shall acquire and maintain in effect all insurance policies required by the Security Documents, the Leases, and Legal Requirements.

5.1.9 ERISA. Borrower shall engage in no transaction which would which cause any obligation, or action taken or to be taken, hereunder (or the exercise by Lender of any of its rights under this Loan Agreement or any of the other Loan Documents) to be a non-exempt (under a statutory or administrative class exemption) prohibited transaction under the ERISA. Borrower shall deliver to Lender such certifications or other evidence from time to time, as requested by Lender in its sole discretion, that the representations and warranties of Borrower contained in Section 4.1.11 above are true and correct.

5.1.10 Comply with Other Loan Documents. Borrower shall perform all its obligations under the Note, the Security Documents, and all other Loan Documents.

5.2.11 Other Acts. At Lender's request, Borrower shall execute and deliver to Lender all further documents and perform all other acts that Lender reasonably deems necessary or appropriate to perfect or protect its security for the Obligations.

5.2 Covenants Relating to Each Property. Borrower further covenants and agrees that, from the date that any Property is added to the Collateral Pool in accordance with the terms of this Loan Agreement and thereafter so long as the Obligations remain outstanding, Borrower shall comply with, perform, and observe at all times the following covenants with respect to such Property:

5.2.1 Inspection Rights and Promotion. Borrower shall permit, and require Manager to permit, Persons designated by Lender to visit and inspect the Property, to examine and make excerpts from the books and records of Borrower and Manager, and to discuss the business affairs, finances, and accounts of Borrower, Manager, and the Property with representatives of Borrower and Manager, as designated by Lender, all in such detail and at such times as Lender may reasonably request.

5.2.2 Zoning Changes. Borrower hall not initiate or consent to any zoning reclassification of the Property or seek any variance under any zoning ordinance or use or permit the use of the Property in any manner that could result in the use becoming a nonconforming use under any zoning ordinance or any other applicable land use law, rule, or regulation.

5.2.3 Legal Requirements. Borrower shall comply with all Legal Requirements in all respects. Borrower shall procure and continuously maintain in full force and effect, and shall abide by and satisfy all material terms and conditions of, all Permits. Without limiting the generality of the foregoing covenant, Borrower specifically agrees that the Property shall at all times strictly comply, to the extent applicable, with the requirements of the Americans with Disabilities Act of 1990, all state and local laws and ordinances related to handicapped access and all rules, regulations, and orders issued pursuant thereto including, without limitation, the Americans with Disabilities Act Accessibility Guidelines for Buildings and Facilities (collectively "Access Laws"). Notwithstanding any provisions set forth herein or in any other document regarding Lender's approval

of alterations of the Property, Borrower shall not alter or permit the Property to be altered in any manner which would increase Borrower's responsibilities for compliance with the applicable Access Laws without the prior written approval of Lender. Lender may condition any such approval upon receipt of a certificate of Access Law compliance from an architect, engineer, or other person acceptable to Lender. Borrower agrees to give prompt notice to Lender of the receipt by Borrower of any complaints related to violation of any

Access Laws and of the commencement of any proceedings or investigations which relate to compliance with applicable Access Laws.

5.2.4 Appraisals. Borrower shall permit Lender and its agents, employees, or independent contractors, at any time (but not more often than once in any calendar year so long as no Event of Default has occurred), while the Obligations remain outstanding, to enter upon and appraise the Property, and Borrower shall cooperate with and provide any information requested in connection with such appraisal. Borrower shall pay the costs of any such appraisal (i) if an Event of Default has occurred and is continuing or (ii) if such appraisal is required by external regulatory authorities having jurisdiction over Lender.

5.2.5 Conduct of Business. Borrower shall cause the operation of the Property to be conducted at all times in a manner consistent with the level of operation of the Property as of the date hereof. Without limiting the foregoing, Borrower shall (i) operate the Property in a prudent manner in compliance with Legal Requirements, (ii) maintain sufficient equipment and supplies of types and quantities at the Property to enable Borrower or Manager adequately to perform the operation of the Property and Borrower's obligations under the Leases, and (iii) keep all Improvements in good repair, working order and condition, reasonable wear and tear excepted, and from time to time make all needed and proper repairs, renewals, replacements, additions, and improvements thereto to keep the same in good condition.

5.2.6 Leases. Borrower shall observe and perform all the obligations imposed upon the lessor under the Leases and shall not do or permit to be done anything to impair the value of the Leases or any guaranty of any Lease as a security for the Obligations. Borrower shall, in the ordinary course of its business, enforce all of the terms, covenants, and conditions contained in the Leases upon the part of the Tenants thereunder to be observed or performed. Borrower shall hold, or cause Manager to hold, all security deposits with respect to Leases in a segregated account and otherwise in conformity with Legal Requirements. Borrower (i) shall not alter, modify, or change the terms of any Lease without the prior consent of Lender, or cancel or terminate any Lease or accept a surrender thereof or approve or consent to the cancellation or termination of any guaranty with respect thereto, or convey or transfer or suffer or permit a conveyance or transfer of the premises demised by any Lease or of any interest therein so as to effect a merger of the estates and rights of, or termination or diminution of the obligations of lessee thereunder, (ii) shall not consent to, reject, approve or

disapprove any action or inaction requested by any tenant under any Lease, including, without limitation any assignment of or subletting under any Lease (provided, however, that Lender's consent to a subletting or assignment shall not be required if such subletting or assignment is in accordance with the terms of such Lease), which consent may be unreasonably withheld by Lender in its discretion, and (iii) shall not pursue any remedies under any Lease or any guaranty with respect thereto without the prior written consent of Lender. Notwithstanding the foregoing, Borrower may, without the prior written consent of Lender, make minor modifications or amendments, or give consents, with respect to any Lease so long as such modification, amendment, or consent does not potentially affect the length of the term of such Lease and does not result in the reduction of the tenant's obligations for the payment of rent, additional rent, or any other charges payable by the tenant under such Lease, or amend or modify any provision of such Lease relating to exclusivity of use, co-tenancy rights, or kick-out rights.

5.2.7 Management Agreement. Borrower shall maintain the Management Agreement in full force and effect and duly observe, perform, and comply with all of Borrower's obligations thereunder and enforce performance of all obligations of Manager thereunder. Borrower shall promptly

notify Lender of any dispute, default, event of default, or repudiation by Manager under the Management Agreement. Borrower shall not enter into any management agreement for the Property other than the Management Agreement, unless Borrower first notifies Lender and provides Lender a copy of the proposed management agreement, obtains Lender's written consent thereto and obtains and provides Lender with a subordination agreement in form satisfactory to Lender from such manager subordinating to all rights of Lender. Borrower shall not enter into, terminate, amend, modify, or extend the Management Agreement, or consent to any such action on the part of Manager, without the prior written consent of Lender, which consent shall not be unreasonably withheld.

5.2.8 Ownership of Personalty. Borrower shall furnish to Lender, if Lender so requests, the contracts, bills of sale, receipted vouchers, and agreements, or any of them, under which Borrower claims title to the materials, articles, fixtures, and other personal property used or to be used in the construction or operation of the Improvements.

ARTICLE SIX - PROHIBITION ON TRANSFERS OF COLLATERAL

6.1 General Prohibition. Borrower acknowledges that Lender has examined and relied on the experience of Borrower and the owners of the beneficial interest in Borrower and Borrower's constituent entities in owning and operating properties such as the Properties in agreeing to make the Loan, and that Lender will continue to rely on Borrower's ownership of the Properties as a means of maintaining the value of the Collateral as security for repayment of the Obligations. Borrower acknowledges that Lender has a valid interest in maintaining the value of the Properties so as to ensure that, should Borrower default in the repayment of the Obligations, Lender can recover all or a portion of the Obligations by a sale of the Collateral. Except as expressly provided herein, Lender may, at Lender's option, declare all the Obligations immediately due and payable, and Lender may invoke any rights and remedies permitted by this Loan Agreement and the other Loan Documents, in the event that Borrower, without

the prior written consent of Lender, which consent may not be unreasonably withheld by Lender after consideration of all relevant factors, sells, conveys, alienates, mortgages, encumbers, pledges, or otherwise transfers the Collateral or any part thereof or any interest therein, or permits the Collateral or any part thereof or any interest therein to be sold, conveyed, alienated, mortgaged, encumbered, pledged or otherwise transferred (collectively, a "Transfer").

6.2 Transactions Included. A Transfer within the meaning of Section 6.1 shall be deemed to include, without limitation, (i) an installment sales agreement wherein Borrower agrees to sell the Collateral or any part thereof for a price to be paid in installments; (ii) an agreement by Borrower leasing all or a substantial part of the Project for other than actual occupancy by a space lessee thereunder or a sale, assignment or other transfer of, or the grant of a security interest in, Borrower's right, title and interest in and to the Leases or any rents therefrom; (iii) any divestiture of Borrower's title to the Collateral or any interest therein in any manner or way, whether voluntary or involuntary, or any merger, consolidation, dissolution or syndication affecting Borrower; (iv) if Borrower or any general partner of Borrower is a corporation, the voluntary or involuntary sale, conveyance, or transfer of any of such corporation's stock or the creation or issuance of new stock in one or a series of transactions by which an aggregate of more than ten percent (10%) of such corporation's stock shall be vested in an Acquiring Person who is not now a stockholder of such corporation or any change in the control of such corporation directly or indirectly; (v) if Borrower or any general partner of Borrower is a limited or general partnership, joint venture, or limited liability company, the change, removal, resignation, or addition of a general partner, managing partner, limited partner, joint venturer, manager, or member, or the transfer of any partnership interest of any general partner, managing partner, or limited partner, or the transfer of any interest of any joint venturer or member (or the transfer of any interest of any Person directly or indirectly controlling such partner, joint venturer, or member by operation of law or otherwise) to an Acquiring Person; and (vi) if Borrower or any general partner of Borrower is a business trust, the change, removal, resignation, or addition of a trustee, or the voluntary or involuntary sale, conveyance, or transfer of any beneficial interest.

6.3 Permitted Transfers. Notwithstanding the provisions of Section 6.1 above, the following Transfers are permitted without the consent of Lender:

(a) The Transfer of shares of common stock or other beneficial or ownership interest or other forms of securities in Wells REIT, and the issuance of all varieties of convertible debt, equity and other similar securities of Wells REIT and the subsequent Transfer of such securities, provided that no Change in Control occurs as a result of such Transfer, either upon such Transfer or upon the subsequent conversion to equity or such convertible debt or other securities.

(b) The Transfer of limited partnership interests by the limited partners of Borrower, including, without limitation, the conversion or exchange of limited partnership interests in Borrower to shares of common stock or other beneficial or ownership interests or other forms of securities in Wells REIT, provided that no Change in Control occurs as the result of such Transfer.

(c) The issuance by Borrower of additional limited partnership units or convertible debt, equity, and other similar securities, and the subsequent Transfer of such units or other securities, provided that no Change in Control occurs as the result of such Transfer, either upon such Transfer or upon the

subsequent conversion to equity of such convertible debt or other securities.

(d) A sale or other disposition of obsolete or worn out personal property, provided that such personal property is contemporaneously replaced by comparable personal property of equal or greater value that is free and clear of Liens other than the Permitted Encumbrances.

(e) Any Transfer that constitutes a Permitted Encumbrance at the time such Transfer occurs.

(f) The grant of an easement, if prior to the granting of the easement Borrower causes to be submitted to Lender all information required by Lender to evaluate the easement, and if Lender determines that the easement shall not materially affect the operation of the Property or Lender's interest in the Property and Borrower pays to Lender, on demand, all cost and expenses incurred by Lender in connection with reviewing Borrower's request.

6.4 Prohibition Absolute. Lender shall not be required to demonstrate any actual impairment of its security or any increased risk of default hereunder in order to declare the Obligations immediately due and payable upon the occurrence of a Transfer without Lender's prior written consent or as otherwise expressly permitted herein. This provision shall apply to every Transfer regardless of whether voluntary or not, or whether or not Lender has consented to any previous Transfer, except for those expressly allowed herein. Any Transfer made in contravention of this Section shall be null and void and of no force and effect.

ARTICLE SEVEN - EVENTS OF DEFAULT AND REMEDIES

7.1 Events of Default. Each of the following events shall constitute an "Event of Default" under this Loan Agreement, whatever the reason for such event and whether it shall be voluntary or involuntary, or within or without the control of a Borrower Party, or be effected by operation of law or pursuant to any judgment or order of any court or any order, rule, or regulation of any Governmental Authority:

7.1.1 Borrower fails to pay interest, principal or any other sum due under the terms of this Loan Agreement, the Note, or any other Loan Document within ten (10) days after such payment is due; or

7.1.2 Any default or event of default (other than those specified elsewhere in this Section) occurs pursuant to and as defined in the Guaranty, the Note, the Security Documents, or any of the other Loan Documents; or

7.1.3 Borrower assigns or attempts to assign this Loan Agreement, any rights hereunder, or any Advance to be made hereunder to any Person, or if Borrower's interest in or rights under this Loan Agreement are voluntarily or involuntarily transferred to any Person, by operation of law or otherwise, including, without limitation, such transfer by Borrower as debtor-in-possession or by a trustee for Borrower under the United States Bankruptcy Code, whether or not the Obligations are assumed by such Person; or

7.1.4 Any Borrower Party files a voluntary petition in bankruptcy or any Borrower Party is adjudicated as bankrupt or

insolvent, or any Borrower Party files any petition or answer seeking or acquiescing in any reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief for such Borrower Party under any present or future federal, state, or other statute, law, or regulation relating to bankruptcy, insolvency, or other relief for debtors, or any Borrower Party seeks or consents to, or acquiesces in, the appointment of any trustee, receiver, or liquidator of such Borrower Party or of all or any substantial part of such Borrower Party's property or of any or all of the rents, revenues, issues, earnings, profits, or income thereof, or any Borrower Party makes any general assignment for the benefit of creditors or admits in writing an inability to pay such Borrower Party's debts generally as they become due; or

7.1.5 A court of competent jurisdiction enters an order, judgment, or decree approving a petition filed against any Borrower Party seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under any present or future federal, state, or other statute, law, or regulation relating to bankruptcy, insolvency, or other relief for debtors, which order, judgment, or decree remains unvacated and unstayed for an aggregate of sixty (60) days (whether or not consecutive) from the date of entry thereof, or any trustee, receiver, or liquidator is appointed for any Borrower Party or of all or any substantial part of such Borrower Party's property or of any or all of the rents, revenues, issues, earnings, profits, or income thereof, which appointment remains unvacated and unstayed for an aggregate of sixty (60) days (whether or not consecutive); or

7.1.6 Any certificate, statement, representation, warranty, or audit, whether written or unwritten, heretofore or hereafter furnished by or on behalf of any Borrower Party pursuant to or in connection with this Loan Agreement or otherwise (including, without limitation, representations and warranties contained herein) or as an inducement to Lender to extend any credit to or to enter into this or any other agreement with Borrower proves to have been false in any material respect at the time

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as of which the facts therein set forth were stated or certified or to have omitted any substantial contingent or unliquidated liability or claim against any Borrower Party, or if on the date of execution of this Loan Agreement any materially adverse change has occurred in any of the facts previously disclosed by any such certificate, statement, representation, warranty, or audit, and such change was not disclosed to Lender at or prior to the time of the execution of this Loan Agreement; or

7.1.7 A final judgment in an amount equal to or greater by $150,000 is entered by a court of law or equity against any Borrower Party that remains undischarged for a period of thirty (30) days, unless such judgment is either (i) fully covered by collectible insurance and such insurer has within such period acknowledged such coverage in writing, or (ii) although not fully covered by insurance, enforcement of such judgment has been effectively stayed, such judgment is being contested or appealed by appropriate proceedings and such Borrower Party has established reserves adequate for payment in the event such Borrower Party is ultimately unsuccessful in such contest or appeal and evidence thereof is provided to Lender; or

7.1.8 If any provision of this Agreement or any other Loan

Document or the lien and security interest purported to be created hereunder or under any Loan Document shall at any time for any reason cease to be valid and binding in accordance with its terms on any Borrower Party, or shall be declared to be null and void, or the validity or enforceability hereof or thereof or the validity or priority of the lien and security interest created hereunder or under any other Loan Document shall be contested by any Borrower Party seeking to establish the invalidity or unenforceability hereof or thereof, or any Borrower Party shall deny that it has any further liability or obligation hereunder or thereunder; or

7.1.9 The failure by any Borrower Party to comply with any requirement of any Governmental Authority within 30 days after written notice of such requirement shall have been given to the Borrower Party by such Governmental Authority; provided that, if action is commenced and diligently pursued by the Borrower Party within such 30 days, then the Borrower Party shall have an additional 30 days to comply with such requirement; or

7.1.10 A dissolution or liquidation for any reason (whether voluntary or involuntary) of any Borrower Party; or

7.1.11 The failure of Wells REIT to be qualified, and be taxed as, a real estate investment trust under Subchapter M of the Internal Revenue Code; or

7.1.12 Borrower fails to properly and timely to perform or observe any other covenant or condition set forth in this Loan Agreement that is not cured within any applicable cure period as set forth herein or, if no cure period is specified therefor, is not cured within thirty (30) days of Lender's notice to Borrower thereof; provided that, if such default is not reasonably susceptible to cure within such thirty (30) days period and Borrower diligently and continuously pursues the cure of such default, then upon Borrower's written request therefor, Lender shall grant a reasonable extension of such cure period, but not exceeding ninety (90) days; or

7.1.13 If an "Event of Default" occurs under any Lease, which default remains uncured after the giving of any applicable notice or the passage of any applicable cure period, or any Lease is terminated, canceled, repudiated, or rescinded for any reason whatsoever.

7.2 <u>Remedies</u>. Upon the occurrence of an Event of Default, Lender may do any one or more of the following (without presentment, protest or notice of protest, all of which are expressly waived by the Borrower):

7.2.1 By written notice to the Borrower, to be effective upon dispatch, terminate any obligation Lender might have to make further Advances hereunder and declare the principal of, and interest on, the Advances and all other sums owing by Borrower to Lender under any of the Loan Documents forthwith due and payable, and the principal of, and interest on, the Advances and all other sums owing by Borrower to Lender under any of the Loan Documents will become forthwith due and payable.

7.2.2 Lender shall have the right to pursue any other remedies available to it under any of the Loan Documents.

7.2.3 Lender shall have the right to pursue all remedies

available to it at law or in equity, including obtaining specific performance and injunctive relief.

7.3 Waivers; Rescission of Declaration. Lender shall have the right, to be exercised in its complete discretion, to waive any breach hereunder (including the occurrence of an Event of Default), by a writing setting forth the terms, conditions, and extent of such waiver signed by the Lender and delivered to the Borrower Parties. Unless such writing expressly provides to the contrary, any waiver so granted shall extend only to the specific event or occurrence which gave rise to the waiver and not to any other similar event or occurrence which occurs subsequent to the date of such waiver.

7.4 Lender's Right to Protect Collateral and Perform Covenants and Other Obligations. If any Borrower Party fails to perform the covenants and agreements contained in this Loan Agreement or any of the other Loan Documents, then the Lender at the Lender's option may make such appearances, disburse such sums and take such action as the Lender deems necessary, in its sole discretion, to protect the Lender's interest, including (i) disbursement of attorneys' fees, (ii) entry upon any Property to make repairs and replacements, (iii) procurement of satisfactory insurance as provided in the Security Instruments encumbering the Properties, and (iv) if the Security Instrument is on a leasehold, exercise of any option to renew or extend the ground lease on behalf of the Borrower and the curing of any default of the Borrower in the terms and conditions of the ground lease. Any amounts disbursed by the Lender pursuant to this Section, with interest thereon, shall become additional indebtedness of the Borrower secured by the Loan Documents. Unless the Borrower and the Lender agree to other terms of payment, such amounts shall be immediately due and payable and shall bear interest from the date of disbursement at the Default Rate unless collection from the Borrower of interest at such rate would be contrary to applicable law, in which event such amounts shall bear interest at the highest rate which may be collected from the Borrower under applicable law. Nothing contained in this Section shall require the Lender to incur any expense or take any action hereunder.

7.5 No Remedy Exclusive. Unless otherwise expressly provided, no remedy herein conferred upon or reserved is intended to be exclusive of any other available remedy, but each remedy shall be cumulative and shall be in addition to other remedies given under the Loan Documents or existing at law or in equity.

7.6 Application of Payments. Except as otherwise expressly provided in the Loan Documents, and unless applicable law provides otherwise, (i) all payments received by Lender from any of the Borrower Parties under the Loan Documents shall be applied by Lender against any amounts then due and payable under the Loan Documents by any of the Borrower Parties, in any order of priority that the Lender may determine and (ii) the Borrower shall have no right to determine the order of priority or the allocation of any payment it makes to Lender.

7.7 Crossing of Security Documents. Each of the Security Documents shall be cross-defaulted (i.e., a default under any Security Document, or under this Loan Agreement, shall constitute a default under each Security Document and this Loan Agreement) and cross-collateralized (i.e., each Security Instrument shall secure all Obligations under this Loan Agreement and the other Loan Documents), and it is the intent of the parties to this Loan Agreement that the Lender may, except as provided in this Loan Agreement, exercise and perfect any and all of its rights in and under the Loan Documents with regard to any Property without

the necessity to exercise and perfect its rights and remedies with respect to any other Property and that any such exercise shall be without regard to the amount of Advances allocable to such Property and that Lender may recover an amount equal to the full amount of the outstanding Obligations in connection with such exercise and any such amount shall be applied as determined by Lender in its sole and absolute discretion.

ARTICLE EIGHT - MISCELLANEOUS PROVISIONS

8.1 Loan Agreement Part of Note and Other Loan Documents. The Note and the other Loan Documents specifically incorporate this Loan Agreement by reference, and in the event that the Note and the other Loan Documents are duly assigned, this Loan Agreement shall be considered assigned in like manner. If a conflict exists or arises between any of the provisions of this Loan Agreement and any other Loan Document, the provisions of this Loan Agreement shall control.

8.2 Indemnification. Borrower shall, at its sole cost and expense, protect, defend, indemnify, release and hold harmless the Indemnified Parties (defined below) from and against any and all claims, suits, liabilities (including, without limitation, strict liabilities), actions, proceedings, obligations, debts, damages, losses, costs, expenses, diminutions in value, fines, penalties, charges, fees, expenses, judgments, awards, amounts paid in settlement, or punitive damages, of whatever kind or nature (including, but not limited to reasonable attorney's fees and other costs of defense) (the "Losses") imposed upon or incurred by or asserted against any Indemnified Party (but excluding (x) Losses arising out of Lender's gross negligence or willful misconduct and (y) Losses arising out of Lender's ownership or operation of any Property after title to such Property is transferred to Lender or another Person following the foreclosure of the applicable Security Instrument or transfer in lieu of foreclosure) and directly or indirectly arising out of or in any way relating to (i) Lender's interest in any Property or Lender's relationship with any Borrower Party by virtue of Lender's ownership of the Loan, the Note, the Security Documents, or any other Loan Document, (ii) any amendment to, or restructuring of, the Loan or the Loan Documents; (iii) any and all lawful action that may be taken by Lender in connection with the enforcement of the provisions of this Loan Agreement, the Security Documents, or any of the other Loan Documents, whether or not suit is filed in connection with same, or in connection with Borrower, Guarantor, and/or any member, partner, joint venturer, or shareholder of Borrower becoming a party to a voluntary or involuntary federal or state bankruptcy, insolvency or similar proceeding, (iv) any accident, injury to or death of persons or loss of or damage to property occurring in, on or about any Property or any part thereof or adjacent parking areas, streets or ways, (v) any use, nonuse or condition in, on or about any Property or any part thereof or on the adjoining sidewalks, curbs, adjacent property or adjacent parking areas, streets, or ways, (vi) any failure on the part of Borrower to perform or be in compliance with any of the terms of this Loan Agreement, the Security Documents, or any of the other Loan Documents, (vii) performance of any labor or services or the furnishing of any materials or other property in respect of any Property or any part thereof, (viii) the failure of any person to file timely with the Internal Revenue Service an accurate Form 1099-B, Statement or Recipients of Proceeds from Real Estate, Broker and Barter Exchange Transactions, which may be required in connection with the Loan, or to supply copy thereof in a timely fashion to the recipient of the proceeds of the Loan, (ix) any failure of any Property to be in compliance with any Legal Requirement, (x) the enforcement by any Indemnified Party of the provisions of this Section, (xi) the payment of any commission, charge or brokerage fee to anyone which may be payable in connection with the funding of the Loan, or (xii) any misrepresentation made by Borrower in this Loan Agreement or in any of the other Loan Documents. Any amounts payable to Lender by reason of the application of this Section shall become immediately due and payable and shall bear interest at the Default Rate

from the date loss or damage is sustained by Lender until paid. For purposes of this Section, the term "Indemnified Parties" means Lender and any Person who is or shall have been involved in the origination or administration of the Loan, any Person in whose name the encumbrance created by the Security Documents is or shall have been recorded, Persons who may hold or acquire or shall have held a full or partial interest in the Loan (including, but not limited to Investors or prospective investors who hold or have held a full or partial interest in the Loan for the benefit of third parties) as well as the respective directors, officers, shareholders, members, partners, employees, agents, servants, representatives, contractors, subcontractors, affiliates, subsidiaries, participants, successors and assigns of any other Person who holds or acquires or shall have held a participation or other full or partial interest in the Loan or any Property, whether during the term of the Loan or as a part of or following a foreclosure of the Loan and including, but not limited to any successors by merger, consolidation or acquisition of all or a substantial portion of Lender's assets and business.

8.3 Costs and Expenses. Borrower shall bear all taxes, fees, and expenses (including reasonable fees and expenses of counsel for Lender) in connection with the Loan, the Note, the preparation and, if applicable, the recordation of this Loan Agreement and the other Loan Documents, and in connection with any amendments, waivers, or consents pursuant to the provisions hereof hereafter made and any workout or restructuring relating to the Loan. If, at any time, an Event of Default occurs or Lender becomes a party to any suit or proceeding in order to protect its interests or priority in any Property or its rights under this Loan Agreement or any of the other Loan Documents, or if Lender is made a party to any suit or proceeding by virtue of the Loan, this Loan Agreement, or any Property and as a result of any of the foregoing, Lender employs counsel to advise or provide other representation with respect to this Loan Agreement, any Property, or to collect the Obligations, or to take any action in or with respect to any suit or proceeding relating to this Loan Agreement, any of the other Loan Documents, any Property, Borrower, or any other Borrower Party, or to protect, collect, or liquidate any of the Collateral, or attempt to enforce any security interest or lien granted to Lender by any of the Loan Documents, then in any such event, all of the attorney's fees arising from such services, including fees on appeal and in any bankruptcy proceedings, and any expenses, costs, and charges relating thereto shall constitute additional obligations of Borrower to Lender payable on demand of Lender. Without limiting the foregoing, Borrower has undertaken the obligation for payment of, and shall pay, all recording and filing fees, revenue or documentary stamps or taxes, intangibles taxes, transfer taxes, recording taxes and other taxes, expenses and charges payable in connection with this Loan Agreement, any of the other Loan Documents, the Obligations, or the filing of any financing statements or other instruments required to effectuate the purposes of this Loan Agreement, and if Borrower fails to do so, Borrower agrees to reimburse Lender for the amounts paid by Lender, together with penalties or interest, if any, incurred by Lender as a result of underpayment or nonpayment. This Section shall survive for eighteen (18) months after repayment of the Obligations.

8.3 Assignability. Neither this Loan Agreement, nor any rights or obligations hereunder, nor any Advance to be made hereunder, is assignable by Borrower. The rights of Lender under this Loan Agreement are assignable in part or wholly and any assignee of Lender shall succeed to and be possessed of the rights of Lender hereunder to the extent of the assignment made, including the right to make Advances to Borrower or any approved assignee of Borrower in accordance with this Loan Agreement.

8.4 Relationship of the Parties. Borrower agrees that its relationship with Lender is solely that of debtor and creditor. Nothing contained in this Loan Agreement or in any other Loan Document shall be deemed to create a partnership, tenancy-in-common, joint tenancy, joint venture, or co-ownership by or between Borrower and Lender, or make Lender the agent or representative of Borrower. Lender shall not be in any way liable or responsible for any debts,

losses, obligations, or duties of Borrower with respect to the Property or otherwise, including, without limitation, any debts, obligations, or duties owed at any time to materialmen, contractors, craftsmen, laborers, or others for goods delivered to or services performed by them in relation to any Property, it being understood that no contractual relationship, either expressed or implied, exists between Lender and any materialmen, subcontractors, craftsmen, laborers, or any other person supplying any work, labor, or materials for any Property. Borrower, at all times consistent with the terms and provisions of this Loan Agreement and the other Loan Documents, shall be free to determine and follow its own policies and practices in the conduct of its business.

8.5 Participation. Borrower acknowledges and agrees that Lender may, at its option, sell participation interests in the Loan to other participating lenders, provided, however, that Borrower shall continue to be entitled to deal with Lender as though no such participations had been sold. Borrower agrees with all present and future such participants that if an Event of Default occurs, each participant shall have all of the rights and remedies of Lender with respect to any deposit due from any participant to Borrower, including, without limitation, the right to set off such deposits against Borrower's obligations hereunder. The execution by a participant of a participation agreement with Lender and the execution by Borrower of this Loan Agreement, regardless of the order of execution, with a copy to Borrower, shall evidence an agreement between Borrower and such participant in accordance with the terms hereof.

ARTICLE NINE - DOCUMENT PROTOCOLS

This Loan Agreement and each of the other Loan Documents shall be governed by the following protocols (the "Document Protocols"), unless any Loan Document expressly states that the Document Protocols shall not apply to such Loan Document in whole or in part:

9.1 General Rules of Usage. These Document Protocols shall apply to such Loan Document as from time to time amended, modified, replaced, restated, extended or supplemented, including by waiver or consent, and to all attachments thereto and all other documents or instruments incorporated therein. When used in any Loan Document governed by these Document Protocols, (i) references to a Person are, unless the context otherwise requires, also to its heirs, executors, legal representatives, successors, and assigns, as applicable, (ii) "hereof," "herein," "hereunder" and comparable terms refer to the entire Loan Document in which such terms are used and not to any particular article, section, or other subdivision thereof or attachment thereto, (iii) references to any gender include, unless the context otherwise requires, references to all genders, and references to the singular include, unless the context otherwise requires, references to the plural, and vice versa, (iv) "shall" and "will" have equal force and effect, (v) references in a Loan Document to "Article," "Section," "paragraph" or another subdivision or to an attachment are, unless the context otherwise requires, to an article, section, paragraph, or subdivision of or an attachment to such Loan Document, (vi) all accounting terms not otherwise defined therein have the meanings assigned to them in accordance with GAAP, and (vii) "include," "includes" and "including" shall be deemed to be followed by "without limitation" whether or not they are in fact followed by such words or words of like import.

9.2 Notices. All notices, consents, approvals, statements, requests, reports, demands, instruments or other communications to be made, given or furnished pursuant to, under or by virtue of such Loan Document (a "notice") shall be in writing and shall be deemed given or furnished if addressed to the party intended to receive the same at the address of such party as set forth below (i) upon receipt when personally delivered at such address, (ii) three (3)

Business Days after the same is deposited in the United States mail as first class registered or certified mail, return receipt requested, postage prepaid, or (iii) one Business Day after the date of delivery of such notice to a nationwide, reputable commercial courier service:

Lender: SouthTrust Bank
420 North Twentieth Street
SouthTrust Tower - 11th Floor
Birmingham, Alabama 35203
Attention: Commercial Real Estate Loan Dept.

with copy to (which alone shall not constitute

notice):

Gary W. Farris, Esq.
Burr & Forman LLP
One Georgia Center, Suite 1200
600 West Peachtree Street
Atlanta, Georgia 30308

Borrower: Wells Operating Partnership, L.P.
6200 Corners Parkway
Suite 250
Norcross, Georgia 30092
Attention: Leo F. Wells, III

Guarantor: Wells Real Estate Investment Trust, Inc.
6200 Corners Parkway
Suite 250
Norcross, Georgia 30092
Attention: Leo F. Wells, III

Any party may change the address to which any notice is to be delivered to any other address within the United States of America by furnishing written notice of such change at least fifteen (15) days prior to the effective date of such change to the other parties in the manner set forth above, but no such notice of change shall be effective unless and until received by such other parties. Rejection or refusal to accept, or inability to deliver because of changed address or because no notice of changed address was given, shall be deemed to be receipt of any such notice. Any notice to an entity shall be deemed to be given on the date specified in this Section without regard to when such notice is delivered by the entity to the individual to whose attention it is directed and without regard to the fact that proper delivery may be refused by someone other than the individual to whose attention it is directed. If a notice is received by an entity, the fact that the individual to whose attention it is directed is no longer at such address or associated with such entity shall not affect the effectiveness of such notice. Notices may be given on behalf of any party by such party's attorneys.

9.3 Severability. Whenever possible, each provision of such Loan Document shall be interpreted in such a manner as to be effective and valid under applicable law, but if any provision of such Loan Document shall be prohibited by or invalid or unenforceable under the applicable law of any jurisdiction with respect to any Person or circumstance, such provision shall be ineffective to the extent of such prohibition, invalidity or unenforceability, without invalidating the remaining provisions of such Loan Document or affecting the validity or enforceability of such provisions in any other jurisdiction or with respect to other Persons or circumstances. To the extent permitted by applicable law, the parties to such Loan Document thereby waive any provision of law that renders any provision thereof prohibited, invalid or unenforceable in any respect.

9.4 Remedies Not Exclusive. No remedy therein conferred upon or reserved to Lender is intended to be exclusive of any other remedy or remedies available to Lender under such Loan Document, at law, in equity or by statute, and each and every such remedy shall be cumulative and

in addition to every other remedy given thereunder or now or hereafter existing at law, in equity or by statute.

9.5 Liability. If Borrower or Guarantor consists of more than one Person, the obligations and liabilities of each such Person under such Loan Document shall be joint and several, except as expressly provided to the contrary in such Loan Document.

9.6 Binding Obligations; Covenants Run with the Land. Such Loan Document shall be binding upon Borrower or Guarantor, as the case may be, and the successors, assigns, heirs and personal representatives of Borrower or Guarantor, as the case may be, and shall inure to the benefit of Lender and all subsequent holders of such Loan Document and their respective officers, directors, employees, shareholders, agents, successors and assigns. Nothing in such Loan Document, whether express or implied, shall be construed to give any Person (other than the parties thereto and their permitted successors and assigns and as expressly provided therein) any legal or equitable right, remedy or claim under or in respect of such Loan Document or any covenants, conditions or provisions contained therein. If such Loan Document is to be recorded, all of the grants, covenants, terms, provisions, covenants and conditions of such Loan Document shall run with the land.

9.7 No Oral Modifications. Such Loan Document, and any of the provisions thereof, cannot be altered, modified, amended, waived, extended, changed, discharged or terminated orally or by any act on the part of Borrower, Guarantor, or Lender, but only by an agreement in writing signed by the party against whom enforcement of any alteration, modification, amendment, waiver, extension, change, discharge or termination is sought. Without limiting the generality of the foregoing, any payment made by Lender for insurance premiums, impositions or any other charges affecting any Property shall not constitute a waiver of Borrower's or any Guarantor's default in making such payments and shall not obligate Lender to make any further payments.

9.8 Entire Agreement. Such Loan Document, together with the other applicable Loan Documents and this Rider, constitutes the entire agreement of the parties thereto with respect to the subject matter thereof and supersedes all prior written and oral agreements and understandings with respect to such subject matter.

9.9 Waiver of Acceptance. Borrower and Guarantor hereby waive any acceptance of such Loan Document by Lender in writing, and such Loan Document shall immediately be binding upon Borrower or Guarantor, as the case may be.

9.10 Jurisdiction, Court Proceedings. Each of Lender, Borrower, and Guarantor, to the fullest extent permitted by law, hereby knowingly, intentionally, and voluntarily, with and upon the advice of competent counsel, (i) submits to personal, nonexclusive jurisdiction in the State of Georgia with respect to any suit, action, or proceeding by any person arising from, relating to, or in connection with such Loan Document or the Loan, (ii) agrees that any such suit, action, or proceeding may be brought in any state or federal court of

competent jurisdiction sitting in the State of Georgia, and (iii) submits to the jurisdiction of such courts. Each of Borrower and Guarantor, to the fullest extent permitted by law, hereby knowingly, intentionally, and voluntarily, with and upon the advice of competent counsel, further agrees that it shall not bring any action, suit, or proceeding in any forum other than

in the state or federal courts of the State of Georgia (but nothing herein shall affect the right of Lender to bring any action, suit, or proceeding in any other forum), and irrevocably agrees not to assert any objection which it may ever have to the laying of venue of any such suit, action, or proceeding in any federal or state court located in Georgia and any claim that any such action, suit, or proceeding brought in any such court has been brought in an inconvenient forum.

9.11 Waiver of Counterclaim. Borrower and Guarantor each hereby knowingly waives the right to assert any counterclaim, other than a compulsory or mandatory counterclaim, in any action or proceeding brought against either of them by Lender.

9.12 Waiver of Jury Trial. Borrower, Guarantor, and Lender, to the full extent permitted by law, each hereby knowingly, intentionally, and voluntarily, with and upon the advice of competent counsel, waives, relinquishes, and forever forgoes hereby the right to a trial by jury in any action or proceeding, including, without limitation, any tort action, brought by any of them against the other based upon, arising out of, or in any way relating to or in connection with such Loan Document, the Loan, or any course of conduct, act, omission, course of dealing, statements (whether verbal or written) or actions of any Person (including, without limitation, such Person's directors, officers, partners, members, employees, agents or attorneys, or any other Persons affiliated with such Person), in connection with the Loan or such Loan Document, including, without limitation, in any counterclaim which Borrower or Guarantor may be permitted to assert thereunder or which may be asserted by Lender against Borrower or Guarantor, whether sounding in contract, tort, or otherwise. This waiver by Borrower and Guarantor of their right to a jury trial is a material inducement for Lender to make the Loan.

9.13 No Waivers by Lender. No delay or omission of Lender in exercising any right or power accruing upon any default under such Loan Document shall impair any such right or power or shall be construed to be a waiver of any default under such Loan Document or any acquiescence therein, nor shall any single or partial exercise of any such right or power or any abandonment or discontinuance of steps to enforce such right or power, preclude any other or further exercise thereof or the exercise of any other right or power. Acceptance of any payment after the occurrence of a default under such Loan Document shall not be deemed to waive or cure such default under such Loan Document; and every power and remedy given by such Loan Document to Lender may be exercised from time to time as often as may be deemed expedient by Lender. Borrower and Guarantor hereby waive any right to require Lender at any time to pursue any remedy in Lender's power whatsoever.

9.14 Waiver of Notice. Neither Borrower nor Guarantor shall be entitled to any notices of any nature whatsoever from Lender except with respect to matters for which such Loan Document specifically and expressly provides for the giving of notice by Lender to Borrower or Guarantor, as the case may be, and except with respect to matters for which Borrower or Guarantor, as the case may be, is not, pursuant to applicable legal requirements, permitted to waive the giving of notice. Each of Borrower and Guarantor hereby expressly waives the right to receive any notice from Lender with respect to any matter for which such Loan Document does not specifically and expressly provide for the giving of

notice by Lender to Borrower or Guarantor, as the case may be. Any provision of such Loan Document which expressly provides for the giving

of notice by Lender to Borrower or Guarantor shall be deemed eliminated ab initio if Lender is prevented from giving such notice by bankruptcy or other applicable law.

9.15 Offsets, Counterclaims and Defenses. Any assignee of such Loan Document from Lender or any successor or assignee of Lender shall take the same free and clear of all offsets, counterclaims, or defenses that are unrelated to such Loan Document which Borrower or Guarantor may otherwise have against any assignor of such Loan Document, and no such unrelated counterclaim or defense shall be interposed or asserted by Borrower or Guarantor in any action or proceeding brought by any such assignee upon such Loan Document, and any such right to interpose or assert any such unrelated offset, counterclaim or defense in any such action or proceeding is hereby expressly waived by Borrower and Guarantor.

9.16 Time of the Essence. Time shall be of the essence in the performance of all obligations of Borrower and Guarantor under such Loan Document.

9.17 Governing Law. Such Loan Document shall be governed by, and construed in accordance with, the laws of the State of Georgia.

9.18 Sole Discretion of Lender. Wherever pursuant to such Loan Document, Lender exercises any right given to it to approve or disapprove, or any arrangement or term is to be satisfactory to Lender, the decision of Lender to approve or disapprove or to decide that arrangements or terms are satisfactory or not satisfactory shall be in the sole discretion of Lender exercised in subjective good faith and shall be final and conclusive, except as may be otherwise specifically provided therein. In addition, Lender shall have the right to refuse to grant its consent, approval or acceptance or to indicate its satisfaction whenever such consent, approval, acceptance or satisfaction shall be required under such Loan Document, subject to the applicable standard of discretion.

9.19 Counterparts. Such Loan Document may be executed in any number of separate counterparts, each of which, when so executed and delivered, shall be deemed an original, but all of which, collectively and separately, shall constitute one and the same Loan Document. All signatures need not be on the same counterpart. The failure of any party thereto to execute such Loan Document, or any counterpart hereof, shall not relieve the other signatories from their obligations hereunder.

9.20 Exhibits Incorporated; Headings. The information set forth on the cover of such Loan Document, the table of contents, the headings, and the exhibits annexed thereto, if any, shall be deemed to be incorporated therein as a part thereof with the same effect as if set forth in the body thereof. The headings and captions of the various articles, sections, and paragraphs of such Loan Document are for convenience of reference only and shall not be construed as modifying, defining, or limiting, in any way, the scope or intent of the provisions thereof.

9.21 Interpretation. No provision of such Loan Document shall be construed against or interpreted to the disadvantage of any party thereto by any court or other governmental or judicial authority by reason of such party's

having or being deemed to have structured or dictated such provision.

9.22 Remedies of Borrower and Guarantor. If Borrower or Guarantor, as the case may be, shall seek the approval or consent of Lender under such Loan Document, which Loan Document expressly provides that Lender's approval shall not be unreasonably withheld, and Lender shall fail or refuse to give such consent or approval, the burden of proof as to whether or not Lender acted unreasonably shall be upon Borrower or Guarantor, as the case may be, provided Lender has given Borrower a written explanation for the disapproval or lack of consent.

9.23 Release of any Party or Collateral. Lender may at any time, without releasing or impairing the liability of any Person liable upon or in respect of such Loan Document, release, surrender, substitute, or exchange any Collateral securing this Note and may at any time release any other Person primarily or secondarily liable for the Obligations.

9.24 Attorneys' Fees. Wherever it is provided in such Loan Document that Borrower or Guarantor pay any costs and expenses, such costs and expenses shall include, without limitation, all reasonable attorneys', paralegal and law clerk fees and disbursements, including, without limitation, fees and disbursements at the pre-trial, trial and appellate levels, which are actually incurred or paid by Lender at standard billable rates; provided that the foregoing reference to "reasonable" fees and disbursements (and any other such references in such Loan Document) shall be deemed to include only such fees and disbursement actually incurred at normal billing rates.

9.25 Method of Payment. All amounts required to be paid by any party to such Loan Document to any other party shall be paid in such freely transferable coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts.

9.26 True Copy. By executing such Loan Document, Borrower or Guarantor, as the case may be, acknowledges that it has received a true copy of such Loan Document.

[THE REMAINDER OF THIS PAGE WAS LEFT BLANK INTENTIONALLY]

IN WITNESS WHEREOF, Borrower and Lender have caused this Loan Agreement to be executed by their duly authorized representatives under seal as of the date first set forth above, with the intention that this instrument take effect as an instrument under seal.

WELLS OPERATING PARTNERSHIP, L.P.,
a Delaware limited partnership

By: Wells Real Estate Investment Trust, Inc.,
a Maryland corporation

By: /s/ Douglas P. Williams

Name: Douglas P. Williams

Title: Executive Vice President

[Affix seal]

[EXECUTIONS CONTINUED ON NEXT PAGE]

SOUTHTRUST BANK,
an Alabama banking corporation

By: /s/ James R. Potter

Name: James R. Potter
Title: Vice President

[END OF EXECUTIONS]

EXHIBIT A

List of Properties

Name and Location	Leases and Area
Motorola Office Building 8075 South River Parkway Tempe, Maricopa County, Arizona	Motorola, Inc. (133,225 sf) Ryan Companies US, Inc. (Subground Lease) Price-Elliott Research Park, Inc. (Ground Lease)
Avnet CMG Facility 8700 South Price Road Tempe, Maricopa County, Arizona	Avnet, Inc. (132,070 sf) Ryan Companies US, Inc. (Subground Lease) Price-Elliott Research Park, Inc. (Ground Lease)

EXHIBIT B

FORM OF OFFICER'S CERTIFICATE

SouthTrust Bank

420 North 20th Street
Birmingham, Alabama 35203
Attn: Commercial Real Estate Department

Date of Certificate:

The undersigned, as __________ of Wells Real Estate Investment Trust, Inc., a Maryland corporation, as the sole general partner of Wells Operating Partnership, L.P., a Delaware limited partnership ("Borrower"), does hereby certify to you as follows:

(1) We have reviewed the provisions of the Revolving Loan Agreement between Borrower and you, dated as of _______________, 2000 (the "Loan Agreement"), and we have caused to be made under our supervision a review of the activities of Borrower during the above-referenced period with a view toward determining whether Borrower has kept, observed, performed, and fulfilled all of its obligations under the Loan Agreement. Capitalized terms used herein but not otherwise defined herein shall have the meanings set forth in the Loan Agreement.

(2) To the best of our knowledge, Borrower has kept, observed, performed, and fulfilled each and every undertaking contained in the Loan Agreement and is not at this time in default in the observance or performance of any of the terms or conditions of the Loan Agreement, and no Default or Event of Default has occurred and is continuing, except as follows:

(3) We further certify to you that no material adverse change has occurred in the financial condition or the business of Borrower or Wells REIT since the date of the Loan Agreement and that all representations and warranties set forth within the Loan Agreement are true and complete as of the date hereof.

Executed this ____ day of _________________, 20___.

____
Name:____________________________________
Title:___________________________________

EXHIBIT 10.61

LEASEHOLD DEED OF TRUST AND SECURITY AGREEMENT
WITH SOUTHTRUST BANK N.A.
RELATING TO THE MOTOROLA TEMPE BUILDING AND THE AVNET BUILDING

LEASEHOLD DEED OF TRUST AND SECURITY AGREEMENT

Wells Operating Partnership, L.P.

to

Old Republic Title Insurance Agency, Inc., as Trustee

For the Benefit of

SouthTrust Bank

Dated: December 15, 2000

This instrument was prepared by
the attorney described below in
consultation with counsel in the
State in which the Property
is located and, when recorded, the recorded
counterparts should be returned to:

Burr & Forman LLP
One Georgia Center - Suite 1200
600 West Peachtree Street
Atlanta, Georgia 30308
Attention: Vanessa G. Morris, Esq.

THE PRINCIPAL INDEBTEDNESS SECURED HEREBY SHALL NOT EXCEED $19,003,000.00. THE FINAL PAYMENT DATE OF THE INDEBTEDNESS SECURED HEREBY IS JUNE 10, 2002.

Leasehold Deed Of Trust and Security Agreement

THIS LEASEHOLD DEED OF TRUST AND SECURITY AGREEMENT (this "Security Instrument") is entered into on this 15/th/ day of December, 2000, by and between WELLS OPERATING PARTNERSHIP, L.P., a Delaware limited partnership, as grantor and debtor, whose address is c/o Wells Real Estate Funds, 6200 Corners Parkway, Suite 250, Norcross, Georgia 30092 (hereinafter referred to as "Borrower"), in favor of Old Republic Title Insurance Agency, Inc., an Arizona corporation, whose address is 2201 East Camelback Road, Suite 118B, Phoenix, Arizona 85016 (hereinafter referred to as "Trustee," said term referring always to the named Trustee and his successors in trust), for the use and benefit of SOUTHTRUST BANK, an Alabama banking corporation, whose address is P.O. Box 2554, Attention: Commercial Real Estate, Birmingham, Alabama 35290 (hereinafter referred to as "Beneficiary," said term referring always to the lawful owner and holder of the Secured Obligations (as herein defined)).

W i t n e s s e t h:

Borrower and Beneficiary have entered into a Revolving Loan Agreement of

even date herewith (as the same might hereafter be extended, renewed, modified, consolidated, substituted, replaced, or restated pursuant to the applicable provisions thereof, the "Loan Agreement") pursuant to which Beneficiary has agreed to make a loan to Borrower in the principal sum of Nineteen Million Three Thousand and No/100 Dollars ($19,003,000.00) in lawful money of the United States of America (the "Loan"), which Loan will be evidenced by a Revolving Note of even date herewith payable by Borrower to the order of Beneficiary in said principal amount (as the same might hereafter be extended, renewed, modified, consolidated, substituted, replaced, restated, or increased, the "Note"), with interest thereon from the date of the Note at the rates set forth in the Note, such principal and interest to be paid in installments as provided in the Loan Agreement and the Note, with the final installment being due and payable on June 10, 2002.

As a condition precedent to making the Loan, Beneficiary has required that Borrower execute and deliver this Security Instrument as security for the Loan and the other Secured Obligations (as hereinafter defined).

Article I - Grants of Security

NOW THEREFORE, for and in consideration of the foregoing and other good and valuable consideration, and the sum of One Hundred and No/100 Dollars ($100.00) in hand paid, and the other considerations hereinafter mentioned, the receipt and sufficiency whereof are hereby acknowledged, Borrower does hereby irrevocably grant, bargain, sell, pledge, assign, warrant, transfer, and convey to Trustee and Trustee's successors and assigns, the following property, appurtenances, rights, interests, and Beneficiary in, the following property, appurtenances, rights, interests, and estates of Borrower, whether now owned or hereafter acquired by Borrower (all such property, appurtenances, rights, interests, and estates being herein referred to collectively as the "Property"):

(a) The leasehold estate (the "Leasehold Estate") in the real property described in Exhibit A attached hereto and made a part hereof (the "Land") created by virtue of the ASU Research Park Leases more particularly described in Exhibit B annexed hereto and made a part hereof, and all rights and privileges created thereunder (the "Ground SubLeases"), which in turn were created by virtue of the Arizona State University Research Park Ground Lease more particularly described in said Exhibit B, and all rights and privileges created thereunder (the "Ground Prime Lease"), as the Ground Subleases and the Ground Prime Lease have been modified and supplemented pursuant to the Recognition, Non-Disturbance, and Attornment Agreement more particularly described in said Exhibit B (the "Recognition Agreement") (the Ground Subleases and the Ground Prime Lease, as so modified and supplemented by the Recognition Agreement are each referred to hereinafter as a "Ground Lease" and collectively as the "Ground Leases");

(b) All additional lands, estates and development rights hereafter acquired by Borrower for use in connection with the Leasehold Estate or the Land and the development of the Land and all additional lands and estates therein which may, from time to time, by supplemental mortgage or otherwise be expressly made subject to the lien of this Security Instrument;

(c) All buildings, structures, fixtures, additions, enlargements, extensions, modifications, repairs, replacements, and improvements of every nature whatsoever now or hereafter erected or located on the Land (the "Improvements");

(d) All easements, rights-of-way, strips and gores of land, vaults, streets, ways, alleys, passages, sewer rights, waters, water courses, water rights and powers, air rights, and development rights, minerals, flowers, shrubs, crops, trees, timber, and other emblements now or hereafter located on, under, or above the Land or any part or parcel thereof, and all

estates, rights, titles, interests, privileges, liberties, tenements, hereditaments, appurtenances, reversions, and remainders whatsoever in any way belonging, relating, or appertaining to the Land and the Improvements or any part thereof, or which hereafter shall in any way belong, relate, or be appurtenant thereto, and all land lying in the bed of any street, road, or avenue, opened or proposed, in front of or adjoining the Land, to the center line thereof, and all the estates, rights, titles, interests, dower and rights of dower, curtesy and rights of curtesy, property, possession, claim, and demand whatsoever, both at law and in equity, of Borrower of, in, and to the Land and the Improvements and every part and parcel thereof, with the appurtenances thereto;

(e) All machinery, equipment, fixtures, appliances, and personal property of every kind and nature whatsoever now or hereafter owned by Borrower, or in which Borrower has or shall have an interest, now or hereafter located in, on, or about the Land and the Improvements, or the appurtenances thereof, or used or intended to be used with or in connection with the present or future operation, occupancy, or enjoyment of the Land and the Improvements (including, without limitation, appliances, machinery, equipment, signs, artwork, office furnishings and

equipment, all partitions, screens, awnings, shades, blinds, floor coverings, hall and lobby equipment, heating, lighting, plumbing, ventilating, refrigerating, incinerating, elevators, escalators, air conditioning and communication plants or systems with appurtenant fixtures, vacuum cleaning systems, call or beeper systems, security systems, sprinkler systems and other fire prevention and extinguishing apparatus and materials; all equipment, manual, mechanical or motorized, for the construction, maintenance, repair and cleaning of, parking areas, walks, underground ways, truck ways, driveways, common areas, roadways, highways and streets), and all building equipment, materials, and supplies of any nature whatsoever now or hereafter located in, on, or about the Land and the Improvements, or the appurtenances thereof, and whether in storage or otherwise, or used or intended to be used with or in connection with the present or future operation, occupancy, or enjoyment of the Land and the Improvements (hereinafter collectively referred to as the "Equipment"), including the proceeds of any sale or transfer of the foregoing, and the right, title and interest of Borrower in and to any of the Equipment which may be subject to any security interests, as defined in the Uniform Commercial Code, as adopted and enacted by the State or States where any of the Property is located (the "UCC") superior in priority to the lien of this Security Instrument. In connection with Equipment which is leased to Borrower or which is subject to a lien or security interest which is superior to the lien of this Security Instrument, this Security Instrument shall also cover all right, title and interest of Borrower in and to all deposits, and the benefit of all payments now or hereafter made with respect to such Equipment

(f) All leases, subleases, subtenancies, licenses, occupancy agreements, and concessions relating to the use and enjoyment of all or any part of the Land or the Improvements heretofore or hereafter entered into whether before or after the filing by or against Borrower of any petition for relief under the United States Bankruptcy Code, 11 U.S.C. (S) 101 et seq. (the "Bankruptcy Code"), as the same might be amended from time to time (the "Leases"), and any and all guaranties and other agreements relating to or made in connection with any of the Leases, and all right, title, and interest of Borrower, its successors and assigns therein and thereunder to secure the performance by the lessees of their obligations thereunder and all rents, additional rents, revenues, issues, and profits (including oil and gas or other mineral royalties and bonuses) from the Land and the Improvements, whether paid or accruing before or after the filing by or against Borrower of any petition for relief under the

Bankruptcy Code (the "Rents"), and all proceeds from the sale or other disposition of the Leases and the right to receive and apply the Rents to the payment of the Secured Obligations, and all of Borrower's claims and rights to damages and any other remedies in connection with or arising from the rejection of any Lease by the lessee or any trustee, custodian or receiver pursuant to the Bankruptcy Code in the event that there shall be filed by or against the lessee any petition, action or proceeding under the Bankruptcy Code or under any other similar federal or state law now or hereafter in effect;

(g) All proceeds, including all claims to and demands for them, of the voluntary or involuntary conversion of any of the Land, the Improvements, or any

of the other Property into cash or liquidated claims, including proceeds of all present and future fire, hazard, or casualty insurance policies and all condemnation awards or payments now or hereafter to be made by any public body or decree by any court of competent jurisdiction for any taking or in connection with any condemnation or eminent domain proceeding, and all causes of action and their proceeds for any damage or injury to the Land, Improvements, or any of the other Property or any part of them, or breach of warranty in connection with the construction of the Improvements, including causes of action arising in tort, contract, fraud, or concealment of a material fact;

(h) All rights to the payment of money, accounts, accounts receivable, reserves, deferred payments, refunds, cost savings, payments and deposits, whether now or hereafter to be received from third parties (including all earnest money deposits) or deposited by Borrower with Beneficiary or third parties (including all utility deposits, accounts for the deposit, collection, and/or disbursement of Rents, and all reserve accounts provided for under any documentation entered into or delivered by Borrower in connection with the Loan), chattel paper, instruments, documents, notes, drafts and letters of credit, which arise from or relate to construction on the Land, to any business now or hereafter to be conducted on the Land, or to the Land and the Improvements generally;

(i) All franchises, trade names, trademarks, symbols, goodwill, service marks, trade styles, books, records, development and use rights, architectural and engineering plans, specifications and drawings, and as-built drawings, contracts, licenses, approvals, applications, consents, subcontracts, service contracts, management contracts, permits, and other agreements of any nature whatsoever now or hereafter obtained or entered into by Borrower, or any managing agent of the Property on behalf of Borrower, with respect to the use, occupation, development, construction, management, name and/or operation of the Property or any part thereof or the activities conducted thereon or therein, or otherwise pertaining to the Property or any part thereof, including, without limitation, (i) all rights of Borrower to receive moneys due and to become due to it under or in connection with any of the foregoing, (ii) all rights of Borrower to damages arising out of or for a breach or default in respect thereof, and (iii) all rights of Borrower to perform and to exercise all remedies thereunder;

(j) All rights that Borrower now has or may hereafter acquire, to be indemnified and/or held harmless from any liability, loss, damage, costs or expense (including, without limitation, attorneys' fees and disbursements) relating to the Property or any part thereof;

(k) All books and records pertaining to any and all of the property described above, including computer-readable memory and any computer hardware or software necessary to access and process such memory;

(l) All appurtenances in respect of or otherwise relating to the Ground Leases, including, without limitation, renewal option and expansion rights, and all estate and rights of Borrower of, in and to (i) all modifications, extensions and

renewals of the Ground Leases and all rights to renew or extend the term thereof, (ii) all credits to and deposits of Borrower under the Ground Leases, (iii) all other options, privileges and rights granted and demised to Borrower under either Ground Lease, (iv) all of the right and privilege of Borrower to terminate, cancel, abridge, surrender, merge, modify or amend either Ground Lease, and (v) any and all possessory rights of Borrower and other rights or privileges of possession, including, without limitation, Borrower's right to elect to remain in possession of the Property and the Leasehold Estate pursuant to Section 365(h)(1) of the Bankruptcy Code;

(m) All of Borrower's claims and rights to damages and any other remedies in connection with or arising from the rejection of either Ground Lease by the lessor thereunder (such lessors under the Ground Leases, including any successors and assigns thereof, being each referred to herein as a "Ground Lessor" and collectively as the "Ground Lessors") or any trustee, custodian or receiver appointed pursuant to the Bankruptcy Code in the event that there shall be filed by or against either Ground Lessor any petition, action or proceeding under the Bankruptcy Code or under any other similar federal or state law now or hereafter in effect (collectively, "Ground Lessor's Bankruptcy"); and

(n) All proceeds of, additions and accretions to, substitutions and replacements for, and any changes in any of the property described above;

TO HAVE AND TO HOLD the Property and all parts, rights, members and appurtenances thereof, to the use, benefit and behoof of Beneficiary, its successors and assigns, as a leasehold estate forever.

Article II - Obligations Secured

This Security Instrument and the grants, assignments, and transfers made in Article I hereof are given for the purpose of securing the following obligations in any order of priority as Beneficiary may determine in its sole discretion (the "Secured Obligations"):

(a) Payment of all indebtedness evidenced by the Note, including principal, interest, default interest, late charges, prepayment consideration, and other sums, as provided in the Note, and the performance of all other obligations set forth in the Note;

(b) The full and prompt payment and performance of all of the provisions, agreements, covenants and obligations herein contained and contained in the Loan Agreement or any of the other Loan Documents (as defined in the Loan Agreement) and the payment of all other sums therein covenanted to be paid;

(c) Any and all additional advances made by Beneficiary pursuant to this Security Instrument or the other Loan Documents to protect or preserve the Property or the lien or security interest created hereby on the Property, or for taxes, assessments or insurance premiums as hereinafter provided or for performance of

any of Borrower's obligations hereunder or under the other Loan Documents or for any other purpose provided herein or in the other Loan Documents (whether or not the original Borrower remains the owner of the Property at the time of such advances); and

(d) Payment and performance of all modifications, amendments, extensions, consolidations, and renewals, however evidenced, of any of the obligations described in (a) through (c) above.

Article III - Covenants

3.01. Payment of Secured Obligations. Borrower will perform, observe and comply with the provisions hereof and of each of the other Loan Documents and duly and punctually will pay to Beneficiary the sum of money expressed in the Note with interest thereon and all other sums required to be paid by the Borrower pursuant to the provisions of this Security Instrument, all without any deduction or credit for taxes or other similar charges paid by the Borrower.

3.02. Incorporation by Reference. All the covenants, conditions, and agreements contained in the Loan Agreement, the Note, and all of the other Loan Documents are hereby made a part of this Security Instrument to the same extent and with the same force as if fully set forth herein.

3.03. Warranty of Title. Borrower is lawfully seized of an indefeasible leasehold estate in the Property hereby conveyed and has good title to all other Property in which a security interest is herein granted, and Borrower has good right, full power, and lawful authority to sell, convey, and grant a security interest in the same in the manner and form aforesaid. Except for the Permitted Encumbrances described in the Loan Agreement, the Property is free and clear of all liens, charges, and encumbrances whatsoever, including conditional sales contracts, chattel mortgages, security agreements, financing statements, and anything of a similar nature, and that Borrower shall and will warrant and forever defend the title thereto unto the Beneficiary, its successors and assigns, against the lawful claims of all persons whomsoever. Borrower shall not acquire any portion of the Property subject to any security interest, conditional sales contract, title retention arrangement, or other charge or lien taking precedence over the security interest and lien of this Security Instrument.

3.04. Taxes, Utilities, and Other Charges.

(a) Borrower will pay or cause to be paid, on or before the due date thereof, all taxes, assessments, levies, license fees, permit fees, dues, charges, fines, and impositions (in each case whether general or special, ordinary or extraordinary, or foreseen or unforeseen) of every character whatsoever (including all penalties and interest thereon) now or hereafter levied, assessed, confirmed, or imposed on, or in respect of, or which might constitute a lien upon the Property, or any part thereof, or any estate, right, or interest therein, or upon the rents, issues, income, or profits thereof, and shall submit to Beneficiary such evidence of the due and punctual payment of all such taxes, assessments, and other fees and charges as Beneficiary might require. Borrower shall have the right, before any such tax, assessment, fee, or charges become delinquent, to contest or object

to the amount or validity of any such tax, assessment, fee, or charge by appropriate legal proceedings, provided that said right shall not be deemed or construed in any way as relieving, modifying, or extending Borrower's covenant to pay any such tax, assessment, fee, or charge at the time and in the manner provided herein unless (i) Borrower has given prior written notice to

Beneficiary of Borrower's intent to so contest or object, (ii) Borrower shall demonstrate to Beneficiary's satisfaction that the legal proceedings shall conclusively operate to prevent the sale of the Property, or any part thereof, to satisfy such tax, assessment, fee, or charge prior to final determination of such proceedings, (iii) Borrower shall furnish a good and sufficient bond or surety as requested by and satisfactory to Beneficiary, and (iv) Borrower shall have provided a good and sufficient undertaking as might be required or permitted by law to accomplish a stay of such proceedings.

(b) Borrower will pay or cause to be paid, on or before the due date thereof, (i) all premiums on policies of insurance covering, affecting, or relating to the Property, as required pursuant to the Loan Agreement, (ii) all ground rentals, other lease rentals, and other sums, if any, owing by Borrower and becoming due under any lease or rental contract affecting the Property, and (iii) all utility charges that are incurred by Borrower for the benefit of the Property, or which might become a charge or lien against the Property for gas, electricity, water, sewer services, and the like furnished to the Property, and all other public or private assessments or charges of a similar nature affecting the Property or any portion thereof, whether or not the nonpayment of same might result in a lien thereon. Borrower shall submit to Beneficiary such evidence of the due and punctual payment of all such premiums, rentals, and other sums as Beneficiary might require.

(c) Borrower shall not suffer any mechanic's, materialman's, laborer's, statutory, or other lien (except as expressly permitted by the Loan Agreement) to be created or remain outstanding against the Property; provided that Borrower may contest any such lien in good faith by appropriate legal proceedings provided the lien is bonded off and removed as an encumbrance upon the Property. Beneficiary has not consented and will not consent to the performance of any work or the furnishing of any materials that might be deemed to create a lien or liens against the Property that is superior to the lien and security interest hereof.

(d) Borrower will pay, on or before the due date thereof, all taxes, assessments, charges, expenses, costs, and fees that might now or hereafter be levied upon, or assessed or charged against, or incurred in connection with, the Note, the Secured Obligations, this Security Instrument, or any of the other Loan Documents, including, without limitation, any sales or use tax that might be imposed on Beneficiary with respect to the Secured Obligations (but excluding taxes calculated solely based upon the income derived by Beneficiary from the Secured Obligations). In the event of the passage of any state, federal, municipal, or other governmental law, order, rule, or regulation, subsequent to the date hereof, in any manner changing or modifying the laws now in force governing the taxation of deeds to secure debt or security agreements, or debts secured thereby, or in the manner of collecting such taxes, so as to adversely affect Beneficiary (excluding any tax upon Beneficiary's income derived from the Secured Obligations), Borrower will pay any such tax on or before the due date thereof. If Borrower fails to make such prompt payment or if, in the opinion of Beneficiary, any such state, federal, municipal, or other governmental law, order, rule, or regulation prohibits Borrower from making such payment or would penalize Borrower if Borrower makes such payment, or if, in the opinion of Beneficiary, the making of such payment might result in the imposition of interest beyond the maximum amount permitted by applicable law,

then the entire Secured Obligations will, at the option of Beneficiary, become immediately due and payable.

3.05. Insurance.

(a) Borrower shall cause the Property at all times during the entire term of this Security Instrument to be insured for the mutual benefit of Borrower and Beneficiary against loss or damage by fire and against loss or

damage by other risks and hazards covered by a standard "all risk" insurance policy. The amount of such insurance shall be not less than one hundred percent (100%) of the full replacement cost of the Improvements, furniture, furnishings, fixtures, equipment and other items (whether personalty or fixtures) included in the Property and owned by Borrower from time to time, without reduction for depreciation, but excluding footings and foundations and parts of the Property to the extent not insurable. The determination of the replacement cost amount shall be adjusted annually to comply with the requirements of the insurer issuing such coverage or, at Beneficiary's election, by reference to such indices, appraisals or information as Beneficiary determines in its reasonable discretion. Full replacement cost, as used herein, means, with respect to the Improvements, the cost of replacing the Improvements without regard to deduction for depreciation, exclusive of the cost of excavations, foundations and footings below the lowest basement floor, and means, with respect to such furniture, furnishings, fixtures, equipment and other items, the cost of replacing the same, in each case, with inflation guard coverage to reflect the effect of inflation. Each such policy or policies, if so required, shall contain a replacement cost endorsement and either an agreed amount endorsement (to avoid the operation of any co-insurance provisions) or a waiver of any co-insurance provisions, all subject to Beneficiary's reasonable approval. The premiums for the policies of insurance carried in accordance with this Section shall be paid annually in advance.

(b) Borrower, at its sole cost and expense, for the mutual benefit of Borrower and Beneficiary, shall also obtain and maintain or cause to be obtained and maintained during the entire term of this Security Instrument the following insurance policies:

(i) Flood insurance if any part of the Improvements is located in an area identified by the Federal Emergency Management Agency as an area having special flood hazards and in which flood insurance has been made available under the National Flood Insurance Act of 1968 (and any successor act thereto) in an amount equal to at least the then full replacement value of the Property or the amount of flood insurance available under said Act, whichever is less;

(ii) Comprehensive general liability insurance, including broad form property damage, blanket contractual and personal injuries (including death resulting therefrom) coverages on an "occurrence basis" with minimum combined single limit coverage of not less than $10,000,000.00;

(iii) Insurance covering the major components of the central heating, air conditioning and ventilating systems, boilers, other pressure vessels, sprinkler systems, high pressure piping and machinery, elevators and escalators, if any, and other similar equipment installed in the Improvements, in an amount equal to one hundred percent (100%) of the full replacement cost of the Improvements which

policies shall insure against physical damage to and loss of occupancy and use of the Improvements arising out of an accident or breakdown covered thereunder;

(iv) During the period of any construction of the Improvements or renovation or alteration of the Improvements, a so-called "Builder's All-Risk Completed Value" or "Course of Construction" insurance policy in non-reporting form for any Improvements under construction, renovation or alteration in an amount reasonably approved by Beneficiary and Worker's Compensation Insurance covering all persons engaged in such construction, renovation or alteration;

(v) Loss of rents or loss of business income insurance in amounts sufficient to compensate Borrower for all Rents during a period of

not less than one (1) year in which the Improvements may be damaged or destroyed; and

(vi) Such other insurance as may from time to time be reasonably and customarily required by Beneficiary in order to protect its interests in the Property.

(c) All insurance policies required pursuant to this Section (the "Policies") (i) shall be issued by an insurer satisfactory to Beneficiary in its sole discretion, (ii) shall contain the standard New York mortgagee or equivalent non-contribution clause naming Beneficiary as the person to which all payments made by such insurance company shall be paid, (iii) shall be maintained throughout the term of this Security Instrument without cost to Beneficiary, (iv) a certificate thereof shall be delivered to Beneficiary, (v) shall contain such provisions as Beneficiary deems reasonably necessary or desirable to protect its interest including, without limitation, endorsements providing that neither Borrower, Beneficiary nor any other party shall be a coinsurer under the Policies and that Beneficiary shall receive at least thirty (30) days prior written notice of any modification or cancellation, and (vi) shall be reasonably satisfactory in form and substance to Beneficiary and shall be reasonably approved by Beneficiary as to amounts, form, risk coverage, deductibles, loss payees and insureds. Not later than ten (10) days prior to the expiration date of each of the Policies, Borrower shall deliver to Beneficiary satisfactory evidence of the renewal of each Policy.

(d) Beneficiary is hereby authorized and empowered, at its option, to adjust or compromise any loss under any Policies and to collect and receive the proceeds from any such Policies. Each insurance company is hereby authorized and directed to make payment for all such losses directly to Beneficiary as its interest might appear, instead of to Borrower and Beneficiary jointly. If any insurance company fails to disburse directly and solely to Beneficiary but instead disburses either solely to Borrower or to Borrower and Beneficiary jointly, Borrower agrees immediately to endorse and transfer such proceeds to Beneficiary to the extent of Beneficiary's interest therein. Upon the failure of Borrower to endorse and transfer such proceeds as aforesaid, Beneficiary may execute such endorsements or transfers for and in the name of Borrower, and Borrower hereby irrevocably appoints Beneficiary as Borrower's agent and attorney-in-fact so to do. Beneficiary shall not be held responsible for any failure to collect any insurance proceeds due under the terms of any policy regardless of the cause of such failure. The proceeds of any insurance collected by Beneficiary arising from any casualty affecting the Property shall be applied and disbursed in accordance with, and subject to the conditions of, Section 3.07 of this Security Instrument.

3.06. Condemnation. Borrower shall promptly give Beneficiary written notice of the actual or threatened commencement of any condemnation or eminent domain proceeding affecting the Property and shall deliver to Beneficiary copies of any and all papers served in connection with such proceedings. No taking by any public or quasi-public authority through eminent domain or otherwise (including but not limited to any transfer made in lieu of or in anticipation of the exercise of such taking) shall limit or otherwise affect Borrower's obligations under the Loan Agreement, this Security Instrument, or any of the other Loan Documents to which Borrower is a party. Beneficiary is authorized, at its option, to commence, appear in, and prosecute, through counsel selected by Beneficiary, in its own or in Borrower's name, any action or proceeding relating to any such condemnation, provided that, if Beneficiary's determines that the compensation, award, or payment or relief to be collected from such action or proceeding will likely be less than the Casualty Benchmark (as defined in Section 3.07 below), then Beneficiary shall not unreasonably withhold its consent to permitting Borrower the sole right to prosecute any such action or proceeding. If an Event of Default exists, Beneficiary shall have the sole and exclusive right to compromise or settle any claim for compensation. All such

compensation, awards, damages, claims, rights of action, and proceeds and the right thereto are hereby assigned by Borrower to Beneficiary, and Beneficiary is authorized, at its option, to collect and receive all such compensation, awards, or damages and to give proper receipts and acquittances therefor without any obligation to question the amount of any such compensation, awards, or damages. Beneficiary will be entitled to all compensation, awards, and other payments or relief therefor; provided that if the amount of such compensation, awards, and other payments or relief is equal to or less than the Casualty Benchmark, Borrower may collect same. Beneficiary shall not be limited to the interest paid on the award by the condemning authority but shall be entitled to receive out of the award interest at the rate or rates provided herein and in the Note. Any such compensation, awards, and other payments received by Beneficiary, after deducting therefrom all of Beneficiary's expenses incurred in the collection and administration of such sums, including reasonable attorney's fees actually incurred, shall be applied and disbursed in accordance with Section 3.07 below. If the Property is sold, through foreclosure or otherwise, prior to the receipt by Beneficiary of such award or payment, Beneficiary shall have the right, whether or not a deficiency judgment on the Note shall have been sought, recovered or denied, to receive said award or payment, or a portion thereof sufficient to pay the Secured Obligations. Borrower shall file and prosecute or cause to be filed and prosecuted its claim or claims for any such award or payment in good faith and with due diligence and cause the same to be paid over to Beneficiary, and hereby irrevocably authorizes and empowers Beneficiary, in the name of Borrower or otherwise, to collect and receive any such award or payment and to file and prosecute such claim or claims, and although it is hereby expressly agreed that the same shall not be necessary in any event, Borrower shall, upon demand of Beneficiary, make, execute and deliver any and all assignments and other instruments sufficient for the purpose of assigning any such award or payment to Beneficiary, free and clear of any encumbrances of any kind or nature whatsoever.

3.07. Restoration and Repair of Property. In the event of a casualty or a taking by eminent domain of all or other portion of the Property, the following provisions shall apply in connection with the repair and restoration of the Property (a "Restoration"):

(a) In the event that (i) the net proceeds of insurance received by Beneficiary as a result of damage or destruction of the Property, or in the case of condemnation, the net amount of all awards and payments received by Beneficiary

with respect to such taking, after deduction of Beneficiary's reasonable costs and expenses (including, but not limited to, reasonable legal costs and expenses actually incurred), in collecting the same, whichever the case may be (the "Net Proceeds") do not exceed $250,000.00 (the "Casualty Benchmark"), (ii) the costs of completing the Restoration, as reasonably estimated by Beneficiary, shall be less than or equal to the Casualty Benchmark, (iii) no Event of Default shall have occurred and be continuing, (iv) the Property and the use thereof after the Restoration shall be in compliance with, and permitted under, all Legal Requirements (as defined in the Loan Agreement), (v) such fire or other casualty or taking, as applicable, does not materially impair access to the Land or to the Improvements, then Beneficiary shall disburse the entire Net Proceeds directly to Borrower, and Borrower shall commence and diligently prosecute to completion the Restoration to as nearly as possible the condition the Property was in immediately prior to such fire or other casualty or to such taking or to such other condition as may be agreed upon between Borrower and Beneficiary. Borrower shall segregate the Net Proceeds from other funds of Borrower to be used to pay for the cost of the Restoration in accordance with the terms hereof.

(b) If the Net Proceeds are greater than the Casualty Benchmark, such

Net Proceeds shall be held by Beneficiary in a segregated account to be made available to Borrower for the Restoration in accordance with the provisions of this Section. Borrower shall commence and diligently prosecute to completion the Restoration of the Property (in the case of a taking, to the extent the Property is capable of being restored). The Net Proceeds shall be made available to Borrower for payment of, or reimbursement of Borrower's expenses in connection with, the Restoration, subject to the following conditions:

(1) No Event of Default shall have occurred and be continuing;

(2) Beneficiary shall, within a reasonable period to time prior to request for initial disbursement of the Net Proceeds, be furnished with an estimate of the cost of the Restoration accompanied by an independent architect's certification as to such costs and appropriate plans and specifications for the Restoration;

(3) The Net Proceeds, together with any cash or cash equivalent deposited by Borrower with Beneficiary, are sufficient to cover the cost of the Restoration as such costs are certified by the independent architect;

(4) Beneficiary shall be satisfied that any operating deficits, including all Monthly Payments, that shall be incurred with respect to the Property as a result of the occurrence of any such fire or other casualty or taking, whichever the case may be, shall be covered out of the Net Proceeds or other funds of Borrower;

(5) Beneficiary shall be satisfied that, upon the completion of the Restoration and related lease-up, the Lease Documents (as defined in the Loan Agreement) shall remain in full force and affect with no abatement of rent except to the extent covered by business interruption insurance and/or condemnation proceeds and the net cash flow and value of the Property shall otherwise be restored to levels that existed prior to such casualty or condemnation;

(6) The Restoration can reasonably be completed on or before the earlier to occur of (i) six (6) months prior to the maturity of the Note and (ii) the date required pursuant to Legal Requirements (as defined in the Loan Agreement);

(7) The Property and the use thereof after the Restoration shall be in compliance with, and permitted under, all Legal Requirements; and

(8) Such fire or other casualty or taking, as applicable, does not materially impair access to the Land or the Improvements.

(b) The Net Proceeds shall be held by Beneficiary, and until disbursed in accordance with the provisions of this Section, shall constitute additional security for the Obligations. The Net Proceeds shall be disbursed by Beneficiary to, or directed by, Borrower from time to time during the course of the Restoration, in accordance with the Loan Agreement as if the Net Proceeds constituted the original proceeds of the Loan.

(c) Beneficiary shall have the use of the plans and specifications and all permits, licenses and approvals required or obtained in connection with the Restoration. The identity of the contractors, subcontractors and materialmen engaged in the Restoration, as well as the contracts under which they have been engaged, shall be subject to prior review and acceptance by Beneficiary and Beneficiary's Consultant, which acceptance shall not be unreasonably withheld or delayed more than fifteen (15) days

after submission to Beneficiary and Beneficiary's Consultant. All costs and expenses incurred by Beneficiary in connection with making the Net Proceeds available for the Restoration including, without limitation, reasonable counsel fees and disbursements and Beneficiary's Consultant's fees, shall be paid by Borrower.

(d) In no event shall Beneficiary be obligated to make disbursements of the Net Proceeds in excess of an amount equal to the costs actually incurred from time to time for work in place as part of the Restoration, as certified by Beneficiary's Consultant, minus a reasonably retainage. The retainage shall in no event, and notwithstanding anything to the contrary set forth above in this Section, be less than the amount actually held back by Borrower from contractors, subcontractors, and materialmen engaged in the Restoration. The retainage shall not be released until

Beneficiary's Consultant certifies to Beneficiary that the Restoration has been completed in accordance with the provisions of this Section and that all approvals necessary for the re-occupancy and use of the Property have been obtained from all appropriate governmental and quasi-governmental authorities, and Beneficiary receives evidence satisfactory to Beneficiary that the costs of the Restoration have been paid in full or shall be paid in full out of the retainage.

(e) If at any time the Net Proceeds or the undisbursed balance thereof shall not, in the opinion of Beneficiary, be sufficient to pay in full the balance of the costs which are estimated by Beneficiary's Consultant to be incurred in connection with the completion of the Restoration, Borrower shall deposit the deficiency (the "Net Proceeds Deficiency") with Beneficiary before any further disbursement of the Net Proceeds shall be made. The Net Proceeds Deficiency deposited with Beneficiary shall be held by Beneficiary and shall be disbursed for costs actually incurred in connection with the Restoration on the same conditions applicable to the disbursement of the Net Proceeds, and until so disbursed pursuant to this Section shall constitute additional security for the Obligations.

(f) The excess, if any, of the Net Proceeds and the remaining balance, if any, of the Net Proceeds Deficiency deposited with Beneficiary after Beneficiary's Consultant certifies to Beneficiary that the Restoration has been completed in accordance with the provisions of this Section and the receipt by Beneficiary of evidence satisfactory to Beneficiary that all costs incurred in connection with the Restoration have been paid in full, shall be remitted by Beneficiary to Borrower, provided no Event of Default shall have occurred and be continuing.

(g) Any Net Proceeds not required (i) to be made available for the Restoration or (ii) to be returned to Borrower as excess Net Proceeds pursuant to the preceding subsection shall be retained and applied by Beneficiary toward the payment of the Obligations, whether or not then due and payable, in such order, priority, and proportions as Beneficiary in its discretion shall deem proper or, at the discretion of Beneficiary, the same shall be paid, either in whole or in part, to Borrower.

3.08. Care of Property.

(a) Borrower will preserve and maintain the Property in good condition and repair, will not commit or suffer any waste, and will not do or suffer to be done anything that will increase the risk of fire or other hazard to the Property or any part thereof. Borrower will maintain the insurance required by the Loan Agreement. Beneficiary is hereby authorized to enter upon and inspect the Property at any time during normal business hours. Borrower will comply promptly with all present and future laws, ordinances, rules, and regulations of

any governmental authority affecting the Property or any part thereof, including, without limitation, the Americans with Disabilities Act and regulations thereunder, and all laws, ordinances, rules and regulations relating to zoning, building codes, set back requirements, and environmental matters.

(b) No Improvements, Equipment, or other part of the Property shall be removed, demolished, or substantially altered without the prior written consent of Beneficiary. Borrower may,

free from the lien and security interest of this Security Instrument, sell or consume Inventory in the ordinary course of business and, provided no Default or Event of Default then exists, sell or otherwise dispose of Equipment that might become worn out, undesirable, obsolete, disused or unnecessary for use in the operation of the Property upon replacing the same by, or substituting for the same, other Equipment not necessarily of the same character, but of at least equal value to Borrower and costing not less than the amount realized from the Equipment sold or otherwise disposed of, which shall forthwith become, without further action, subject to the lien and security interest of this Security Instrument.

(c) If the Property or any part thereof is damaged by fire or any other cause or through condemnation, Borrower will give immediate written notice of the same to Beneficiary. Upon the occurrence of any such casualty or condemnation and provided that Beneficiary makes any insurance proceeds or condemnation awards collected as a result of such casualty or condemnation available to Borrower pursuant to the provisions of the Loan Agreement, then Borrower will restore promptly the Property to the equivalent of its original condition, regardless of whether such insurance proceeds or condemnation awards shall be sufficient in amount therefor.

3.09. Leases and Management Agreements. Borrower shall not, without the prior written consent and approval of Beneficiary, enter into any Lease or permit any tenancy of or affecting the Property except for Leases conforming to the requirements of the Loan Agreement, or enter into or permit any management agreement, of or affecting the Property, except as expressly permitted by the Loan Agreement.

3.10. Expenses. Borrower will pay or reimburse Beneficiary for all reasonable attorneys' fees, costs and expenses incurred by Beneficiary in any proceedings involving the estate of a decedent or an insolvent, or in any action, legal proceeding or dispute of any kind in which Beneficiary is made a party, or appears as party plaintiff or defendant, affecting the Secured Obligations, this Security Instrument or the interest created herein, or the Property, including but not limited to the exercise of any power of sale of this Security Instrument, any condemnation action involving the Property, any dispute or other matter involving a Lease or any tenant thereunder, or any action to protect the security hereof, and any such amounts paid by Beneficiary shall be added to the Secured Obligations.

3.11. Further Assurances; After Acquired Property. At any time, and from time to time, upon request by Beneficiary, Borrower will make, execute and deliver or cause to be made, executed and delivered, to Beneficiary, any and all other further instruments, certificates, and other documents as may, in the reasonable opinion of Beneficiary, be necessary or desirable to (i) perfect and protect the lien and security interest created or purported to be created hereby, (ii) enable Beneficiary to exercise and enforce any and all rights and remedies hereunder in respect of the Property, or (iii) effect otherwise the purposes of this Security Instrument, including, without limitation, (A) executing and filing such financing or continuation statements, or amendments thereto, as may be necessary or desirable or that Beneficiary might request to perfect and preserve the security interest created by this Security Instrument as a first and prior security interest upon and security title in and to all of

the Property, whether now owned or hereafter acquired by Borrower, (B) if certificates of title are now or hereafter issued or outstanding with respect to any of the Property, by immediately causing the interest of Beneficiary to be properly noted thereon at Borrower's expense, and (C) furnishing to Beneficiary from time to time statements and schedules

further identifying and describing the Property and such other reports in connection with the Property as Beneficiary might request, all in reasonable detail. Upon any failure by Borrower so to do, Beneficiary may make, execute, and record any and all such instruments, certificates, and documents for and in the name of Borrower, and Borrower hereby irrevocably appoints Beneficiary the agent and attorney in fact of Borrower so to do, which power of attorney is coupled with an interest and irrevocable. The lien and security interest hereof shall attach automatically without any further act or deed required of Borrower or Beneficiary to all after-acquired property of the kind described herein attached to or used in connection with the operation of the Property or any part thereof.

3.12. Indemnification of Expenses.

(a) Borrower will pay, reimburse, and indemnify Trustee and Beneficiary for all reasonable attorney's fees, costs, and expenses incurred by Trustee or Beneficiary in any suit, action, trial, appeal, bankruptcy or other legal proceeding or dispute of any kind in which Trustee or Beneficiary is made a party or appears as party plaintiff or defendant, affecting the Secured Obligations, this Security Instrument or the interests created herein, or the Property, or any appeal thereof, including, but not limited to, any foreclosure action, any condemnation action involving the Property or any action to protect the security hereof, any bankruptcy or other insolvency proceeding commenced by or against Borrower, any lessee of the Property (or any part thereof), or any guarantor of any of the Secured Obligations, and any such amounts paid by Trustee or Beneficiary shall be added to the Secured Obligations and shall be secured by this Security Instrument. Borrower will indemnify and hold Trustee and Beneficiary harmless from and against all claims, damages, and expenses, including reasonable attorney's fees and court costs, resulting from any action by a third party against Trustee or Beneficiary relating to this Security Instrument or the interests created herein, or the Property, including, but not limited to, any action or proceeding claiming loss, damage or injury to person or property, or any action or proceeding claiming a violation of any national, state or local law, rule or regulation, provided Borrower shall not be required to indemnify Trustee or Beneficiary for matters directly and solely caused by the willful misconduct or gross negligence of Trustee or Beneficiary or for matters occurring after the title to the Property is for any reason transferred to Beneficiary.

(b) Borrower acknowledges that it has undertaken the obligation to pay all intangibles taxes and documentary taxes now or hereafter due in connection with the Secured Obligations and the Loan Documents, and Borrower agrees to indemnify and hold Beneficiary harmless from any intangibles taxes and documentary stamp taxes, and any interest or penalties, that Beneficiary might hereafter be required to pay in connection with the Secured Obligations or Loan Documents. The agreements of this subsection (b) shall expressly survive satisfaction of this Security Instrument and the repayment of the Secured Obligations.

3.13. Estoppel Certificates.

(a) Borrower shall use commercially reasonable efforts to obtain and deliver to Beneficiary within twenty (20) days after written demand by Beneficiary, an estoppel certificate from one or both Ground Lessors setting forth (i) the name of the lessee and the lessor under the applicable Ground Lease, (ii) that the applicable Ground Lease is in full force and effect and has

not been modified or, if it has been modified, the date of each modification (together with copies

of each such modification), (iii) the basic rent payable under the applicable Ground Lease, (iv) the date to which all rental charges have been paid by the lessee under the applicable Ground Lease, (v) whether a notice of default has been received by Ground Lessor which has not been cured, and if such notice has been received, the date it was received and the nature of the default, (vi) whether there are any alleged defaults of the lessee under the applicable Ground Lease and, if there are, setting forth the nature thereof in reasonable detail, and (vii) if the lessee under the applicable Ground Lease shall be in default, the default.

(b) If requested by Beneficiary, Borrower shall use commercially reasonable efforts to obtain and promptly deliver to Beneficiary, duly executed estoppel certificates from any one or more tenants as required by Beneficiary attesting to such facts regarding the Leases as Beneficiary may require, including, but not limited to attestations that each Lease covered thereby is in full force and effect with no defaults thereunder or on the part of any party, that none of the Rents have been paid more than one month in advance, except as security, and that the tenant claims no defense or offset against the full and timely performance of its obligations under the Lease.

3.14. Splitting of Security Instrument. This Security Instrument and the Note shall, at any time until the same shall be fully paid and satisfied, at the sole election of Beneficiary, be split or divided into two or more notes and two or more security instruments, each of which shall cover all or a portion of the Property upon written request of Beneficiary, shall execute, acknowledge and deliver to Beneficiary and/or its designee or designees substitute notes and security instruments in such principal amounts, aggregating not more than the then unpaid principal amount secured by this Security Instrument, and containing terms, provisions and clauses no less favorable to Borrower than those contained herein and in the Note, and such other documents and instruments as may be required by Beneficiary to effect the splitting of the Note and this Security Instrument.

3.15. Replacement Documents. Upon receipt of an affidavit of an officer of Beneficiary as to the loss, theft, destruction or mutilation of the Note or any other Loan Document which is not of public record, and, in the case of any such mutilation, upon surrender and cancellation of such Note or other Loan Document which is not of public record, and, in the case of any such mutilation, upon surrender and cancellation of such Note or other Loan Document, Borrower will issue, in lieu thereof, a replacement note or other Loan Document, dated the date of such lost, stolen, destroyed or mutilated note or other Loan Document in the same principal amount thereof and otherwise of like tenor.

3.16. Subrogation. Beneficiary shall be subrogated to the claims and liens of all parties whose claims or liens are discharged or paid by Beneficiary in order to protect or preserve the Property and the value thereof as security for Secured Obligations.

3.17. Limit of Validity. To the extent the fulfillment of any provision of this Security Instrument at the time such provision is to be performed shall involve transcending the limit of validity presently prescribed by any applicable usury or similar law, the obligation to be fulfilled under such provision shall ipso facto be reduced to the limit of such validity.

3.18. Hazardous Material.

(a) Borrower hereby represents and warrants to Beneficiary that, as of the date hereof Borrower has received no written notice (i) that the Property is in direct or indirect violation of any local, state or federal law, rule or regulation pertaining to environmental regulation, contamination or clean-up (collectively, "Hazardous Material Laws"), including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (42 U.S.C. (S)9601 et seq. and 40 CFR (S)302.1 et seq.), the Resource Conservation and Recovery Act of 1976 (42 U.S.C. (S)6901 et seq.), The Federal Water Pollution Control Act (33 U.S.C. (S)1251 et seq. and 40 CFR (S)116.1 et seq.), and the Hazardous Materials Transportation Act (49 U.S.C. (S)1801 et seq.), and the regulations promulgated pursuant to said laws, all as amended; and any similar laws and regulations of the state having jurisdiction over the Property; (ii) of any hazardous, toxic or harmful substances, wastes, materials, pollutants or contaminants (including, without limitation, asbestos, polychlorinated biphenyls, petroleum products, flammable explosives, radioactive materials, infectious substances or raw materials which include hazardous constituents) or any other substances or materials which are included under or regulated by Hazardous Material Laws (collectively, "Hazardous Material") are located on or have been handled, generated, stored, processed or disposed of on or released or discharged at, onto or under from the Property (including underground contamination) except for those substances used by Borrower in the ordinary course of its business and in compliance with all Hazardous Material Laws; (iii) that the Property is subject to any private or governmental lien or judicial or administrative notice or action relating to Hazardous Material; (iv) of any existing or closed underground storage tanks or other underground storage receptacles for Hazardous Material located on the Property; (v) of any investigation, action, proceeding or claim by any agency, authority or unit of government or by any third party which could result in any liability, penalty, sanction or judgment under any Hazardous Material Laws with respect to any condition, use or operation of the Property nor does Borrower know of any basis for such a claim; and (vi) of any claim by any party that any use, operation or condition of the Property violates any Hazardous Material Laws.

(b) Borrower shall keep or cause the Property to be kept free from Hazardous Material (except those substances used by Borrower or tenants of the Property in the ordinary course of their respective business and in compliance with all Hazardous Material Laws) and in compliance with all Hazardous Material Laws, shall not install or use any underground storage tanks, shall expressly prohibit the use, generation, handling, storage, production, processing and disposal of Hazardous Material (except those substances used by Borrower or tenants of the Property in the ordinary course of their respective business and in compliance with all Hazardous Material Laws) by all lessees of space in the Improvements, and, without limiting the generality of the foregoing, during the term of this Security Instrument, shall not install in the Improvements or permit to be installed in the Improvements asbestos or any substance containing asbestos.

(c) Borrower shall promptly notify Beneficiary if Borrower shall become aware of the possible existence of any Hazardous Material (except those substances used by Borrower or tenants of the Property in the ordinary course of their respective business and in compliance with all Hazardous Material Laws) on the Property or if Borrower shall become aware that the Property is or may be in direct or indirect violation of any Hazardous Material Laws. Further, immediately upon receipt of the same, Borrower shall deliver to Beneficiary copies of any and all orders, notices, permits, applications, reports, and other communications, documents and instruments received by Borrower pertaining to the actual, alleged or potential presence or existence of any such Hazardous Material at, on, about, under, within, near or in connection with the Property. Borrower shall,

promptly and when and as required by any Hazardous Material Laws, at Borrower's sole cost and expense, take, or cause Lessee to take, all actions as shall be necessary or advisable for the clean-up of any and all portions of the Property or other affected property, including, without limitation, all investigative, monitoring, removal, containment and remedial actions in accordance with all applicable Hazardous Material Laws (and in all events in a manner satisfactory to Beneficiary), and shall further pay or cause to be paid, at no expense to Beneficiary, all clean-up, administrative and enforcement costs of applicable governmental agencies which may be asserted against the Property. In the event Borrower fails to do so, Beneficiary may, but shall not be obligated to, cause the Property or other affected property to be freed from any Hazardous Material (except those substances used by Borrower or tenants of the Property in the ordinary course of their respective business and in compliance with all Hazardous Material Laws) or otherwise brought into conformance with Hazardous Material Laws and any and all costs and expenses incurred by Beneficiary in connection therewith, together with interest thereon at the Default Rate (as defined in the Loan Agreement) from the date incurred by Beneficiary until actually paid by Borrower, shall be immediately paid by Borrower on demand and shall be secured by this Security Instrument and by all of the other Loan Documents securing all or any part of the indebtedness evidenced by the Note. Borrower hereby grants to Beneficiary and its agents and employees access to the Property and a license to remove any Hazardous Material (except those substances used by Borrower or tenants of the Property in the ordinary course of their respective business and in compliance with all Hazardous Material Laws) and to do all things Beneficiary shall deem necessary to bring the Property in conformance with Hazardous Material Laws. Borrower covenants and agrees, at Borrower's sole cost and expense, to indemnify, defend (at trial and appellate levels, and with attorneys, consultants and experts acceptable to Beneficiary), and hold Beneficiary harmless from and against any and all liens, damages, losses, liabilities, obligations, settlement payments, penalties, assessments, citations, directives, claims, litigation, demands, defenses, judgments, suits, proceedings, costs, disbursements or expenses of any kind or of any nature whatsoever (including, without limitation, reasonable attorneys', consultants' and experts' fees and disbursements actually incurred in investigating, defending, settling or prosecuting any claim, litigation or proceeding) which may at any time be imposed upon, incurred by or asserted or awarded against Beneficiary or the Property, and arising directly or indirectly from or out of (i) the presence, release or threat of release of any Hazardous Material on, in, under or affecting all or any portion of the Property or any surrounding areas, regardless of whether or not caused by or within control of Borrower; (ii) the violation of any Hazardous Material Laws relating to or affecting the Property, caused by Borrower; (iii) the failure by Borrower to comply fully with the terms and conditions of this Section; (iv) the breach of any representation or warranty contained in this Section; or (v) the enforcement of this Section, including, without limitation, the cost of assessment, containment and/or removal of any and all Hazardous Material from all or any portion of the Property or any surrounding areas, the cost of any actions taken in response to the presence, release or threat of release of any Hazardous Material on, in, under or affecting any portion of the Property or any surrounding areas to prevent or minimize such release or threat of release so that it does not migrate or otherwise cause or threaten danger to present or future public health, safety, welfare or the environment, and costs incurred to comply with the Hazardous Material Laws in connection with all or any portion of the Property or any surrounding areas. The indemnity set forth in this Section shall also include any diminution in the value of the security afforded by the Property or any future reduction in the sales price of the Property by reason of any matter set forth in this Section. Beneficiary's rights under this paragraph shall survive payment in full of the Secured Obligations and shall be in addition to all other rights of Beneficiary under this Security Instrument,

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the Loan Agreement, the Note and the other Loan Documents. The foregoing

indemnity shall specifically not include any such costs relating to Hazardous Materials that are initially placed on, in or under the Property after title thereto is for any reason transferred to Trustee or Beneficiary, or which result directly and solely from the willful misconduct or gross neglect of Trustee or Beneficiary.

(d) Upon Beneficiary's request, at any time after the occurrence and during the continuation of an Event of Default hereunder or at such other time as Beneficiary has reasonable grounds to believe that Hazardous Material (except those substances used by Borrower or tenants of the Property in the ordinary course of their respective business and in compliance with all Hazardous Material Laws) are or have been released, stored or disposed of on or around the Property or that the Property may be in violation of the Hazardous Material Laws, Borrower shall provide, at Borrower's sole cost and expense, an inspection or audit of the Property prepared by a hydrogeologist or environmental engineer or other appropriate consultant approved by Beneficiary indicating the presence or absence of Hazardous Material on the Property or an inspection or audit of the Improvements prepared by an engineering or consulting firm approved by Beneficiary in writing indicating the presence or absence of friable asbestos or substances containing asbestos on the Property. If Borrower fails to provide such inspection or audit within forty-five (45) days after such request, Beneficiary may order the same, and Borrower hereby grants to Beneficiary and its employees and agents access to the Property and a license to undertake such inspection or audit. The cost of such inspection or audit, together with interest thereon at the Default Rate from the date incurred by Beneficiary until actually paid by Borrower, shall be immediately paid by Borrower on demand and shall be secured by this Security Instrument and by all of the other Loan Documents.

(e) Without limiting the foregoing, where recommended by a "Phase I" or "Phase II" assessment (an "Environmental Report"), Borrower shall establish and comply with an operations and maintenance program relative to the Property, in form and substance acceptable to Beneficiary, prepared by an environmental consultant acceptable to Beneficiary, which program shall address any Hazardous Material (including asbestos containing material or lead based paint) that may now or in the future be detected on the Property. Without limiting the generality of the preceding sentence, Beneficiary may require (i) periodic notices or reports to Beneficiary in form, substance and at such intervals as Beneficiary may specify to address matters raised in the Environmental Report, (ii) an amendment to such operations and maintenance program to address changing circumstances, laws or other matters, (iii) at Borrower's sole expense, supplemental examination of the Property by consultants specified by Beneficiary to address matters raised in the Environmental Report, (iv) access to the Property, by Beneficiary, its agents or servicer, to review and assess the environmental condition of the Property and Borrower's compliance with any operations and maintenance program, and (v) variation of the operations and maintenance program in response to the reports provided by any such consultants.

(f) If any action shall be brought against Beneficiary based upon any of the matters for which Beneficiary is indemnified under this Section, Beneficiary shall notify Borrower in writing thereof and Borrower shall promptly assume the defense thereof, including, without limitation, the employment of counsel acceptable to Beneficiary and the negotiation of any settlement; provided, however, that any failure of Beneficiary to notify Borrower of such matter shall not impair or reduce the obligations of Borrower hereunder. Beneficiary shall have the right, at the expense of Borrower

(which expense shall be included in the costs described in subsection (c) above), to employ separate counsel in any such action and to participate in the defense thereof. In the event Borrower shall fail to discharge or undertake to defend Beneficiary against any claim, loss or liability for which Beneficiary is indemnified hereunder, Beneficiary may, at its sole option and election, defend

or settle such claim, loss or liability. The liability of Borrower to Beneficiary hereunder shall be conclusively established by such settlement, provided such settlement is made in good faith, the amount of such liability to include both the settlement consideration and the costs and expenses, including, without limitation attorneys' fees and disbursements, incurred by Beneficiary in effecting such settlement. In such event, such settlement consideration, costs and expenses shall be included in costs described in subsection (c) above and Borrower shall pay the same as provided in this Section. Beneficiary's good faith in any such settlement shall be conclusively established if the settlement is made on the advice of independent legal counsel for Beneficiary.

Article IV - Events of Default and Remedies

4.01. Events of Default. As used in this Security Instrument, the term "Event of Default" shall mean the occurrence of any one or more of the following events:

(a) The default or failure of Borrower properly and timely to comply with the terms and conditions of this Security Instrument that is not cured within applicable cure periods set forth herein or, if no cure period is specified therefor, is not cured within thirty (30) days after notice is sent by Beneficiary to Borrower specifying such default;

(b) The occurrence of any Event of Default (as therein defined) under the Loan Agreement, the Note, or any of the other Loan Documents and not cured within any applicable cure period;

(c) The sale, transfer, lease, assignment, or other disposition, voluntarily or involuntarily, of the Property, or any part thereof or any interest therein, including a sale or transfer in lieu of condemnation, or, except for Permitted Encumbrances, any further encumbrance of the Property, unless expressly permitted by the Loan Agreement or unless the prior written consent of Beneficiary is obtained (which consent may be withheld with or without cause in Beneficiary's discretion);

(d) if any event or omission shall occur which, with the giving of notice or the passage or time, or both, would constitute a default under either Ground Lease which could permit any party to the Ground Lease validly to terminate such Ground Lease, or if either Ground Lease otherwise terminates for any reason whatsoever, provided that occurrence of a default under, or the termination of, the Ground Prime Lease shall not constitute an Event of Default so long as the Ground Lessor under the Ground Prime Lease recognizes and agrees to be bound by the Ground SubLeases in accordance with the terms of the Recognition Agreement); or

(e) if a default beyond any applicable notice or grace period, if any, occurs under any fee mortgage with respect to the Land, or if Borrower or

Beneficiary shall be made a party in any action or proceeding in connection with any such fee mortgage, including, without limitation, a foreclosure or similar proceeding, unless the holder of such fee mortgage has agreed not to disturb the rights of Borrower under the applicable Ground Lease.

4.02. Acceleration of Maturity. If an Event of Default has occurred,

Beneficiary may declare all of the Secured Obligations to be forthwith due and payable, whereupon all the Secured Obligations shall become and be forthwith due and payable, without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by Borrower, and Beneficiary may immediately enforce payment of all such amounts and exercise any or all of its rights and remedies under this Security Instrument, the Loan Agreement, and the other Loan Documents. No delay or omission on the part of Beneficiary to exercise such option when entitled so to do shall be considered as a waiver of such right.

4.03. Right of Beneficiary to Enter and Take Possession.

(a) If an Event of Default has occurred, Borrower, upon demand of Beneficiary, shall forthwith surrender to Beneficiary the actual possession of the Property and, if and to the extent permitted by law, Beneficiary itself, or by such officers or agents as it may appoint, may enter and take possession of all or any part of the Property without the appointment of a receiver or an application therefor, and may exclude Borrower and its agents and employees wholly therefrom, and take possession of the books, papers and accounts of Borrower.

(b) If Borrower shall for any reason fail to surrender or deliver the Property or any part thereof after such demand by Beneficiary, Beneficiary may obtain a judgment or decree conferring upon Beneficiary the right to immediate possession or requiring Borrower to deliver immediate possession of the Property to Beneficiary. Borrower will pay to Beneficiary, upon demand, all expenses of obtaining such judgment or decree, including compensation to Beneficiary, its attorneys and agents, and all such expenses and compensation shall, until paid, become part of the Secured Obligations and shall be secured by this Security Instrument.

(c) Upon every such entering upon or taking of possession, Beneficiary may hold, store, use, operate, manage and control the Property and conduct the business thereof, and, from time to time (i) make all necessary and proper repairs, renewals, replacements, additions, betterments, and improvements thereto and purchase or otherwise acquire additional fixtures, personalty, and other property; (ii) insure or keep the Property insured; (iii) manage and operate the Property and exercise all the rights and powers of Borrower, in its name or otherwise, with respect to the same, and (iv) enter into any and all agreements with respect to the exercise by others of any of the powers herein granted Beneficiary, all as Beneficiary may from time to time determine to be to its best advantage. Beneficiary may collect and receive all Rents and Accounts, including those past due as well as those accruing thereafter, and after deducting (aa) all expenses of taking, holding, managing, and operating the Property (including compensation for the services of all persons employed for such purposes), (bb) the cost of all such maintenance, repairs, renewals, replacements, additions, betterments, improvements, purchases, and acquisitions, (cc) the cost of such insurance, (dd) such taxes, assessments, and other charges as Beneficiary may reasonably determine to pay, (ee) other proper charges upon the Property or any part thereof, and (ff) the compensation and expenses of attorneys and agents of Beneficiary, Beneficiary shall apply the remainder of the money so received to the other Secured Obligations in such order, priority, and proportions as Beneficiary may elect. Beneficiary's sole duty with respect to the custody, safekeeping, and physical preservation of the Property shall be to deal with it in the same manner as Beneficiary deals with similar property for its own account. For the purpose of carrying out the provisions of this Section, Borrower hereby constitutes and appoints Beneficiary the true and lawful attorney in fact of Borrower, which power of attorney is coupled with an interest and irrevocable, to do and perform, from time to time, any and all actions necessary and incidental to such purpose and does, by these presents, ratify and confirm any and all actions of said attorney in fact on the Property.

Anything in this Section to the contrary notwithstanding, Beneficiary shall not be obligated to discharge or perform the duties of a landlord to any tenant or incur any liability as a result of any exercise by Beneficiary of its rights under this Security Instrument, and Beneficiary shall be liable to account only for the Rents actually received by Beneficiary.

(d) Whenever all the Secured Obligations shall have been paid and all Events of Default shall have been cured, Beneficiary shall surrender possession of the Property to Borrower and its

successors or assigns. The same right of taking possession, however, shall exist if any subsequent Event of Default shall occur and be continuing.

4.04. Performance by Beneficiary. If Borrower defaults in the payment of any tax, lien, assessment, or charge levied or assessed against the Property, or in the payment of any utility charge, whether public or private, or in the payment of any insurance premium, or in the procurement of insurance coverage and the delivery of the insurance policies required in the Loan Agreement, or in the performance or observance of any other covenant, condition, or term of this Security Instrument, then Beneficiary, at its option, may perform or observe the same, and all payments made or costs incurred by Beneficiary in connection therewith shall constitute Secured Obligations and shall be, without demand, immediately repaid by Borrower to Beneficiary with interest thereon at the Default Rate specified in the Loan Agreement. Beneficiary shall be the sole judge of the legality, validity, and priority of any such tax, lien, assessment, charge, claim, and premium, of the necessity for any such actions, and of the amount necessary to be paid in connection therewith. Beneficiary is hereby empowered to enter and to authorize others to enter upon the Property or any part thereof for the purpose of performing or observing any such defaulted covenant, condition, or term, without thereby becoming liable to Borrower.

4.05. Appointment of a Receiver. If an Event of Default has occurred, Beneficiary, upon application to a court of competent jurisdiction, shall be entitled, without regard to the adequacy of any security for the Secured Obligations or the solvency of any party bound for its payment, to the appointment of a receiver to take possession of and to operate the Property and to collect the rents, profits, issues and revenues thereof. Borrower will pay to Beneficiary upon demand all expenses, including, without limitation, all receivers' fees, reasonable attorneys' fees, and agent's compensation, incurred pursuant to the provisions of this Section, and all such expenses shall constitute Secured Obligations.

4.06. Beneficiary's Power of Enforcement. If an Event of Default shall occur and be continuing, in addition to any or all of the remedies specified herein:

(a) Beneficiary may, or Trustee may upon written or oral request of Beneficiary, proceed by suit or suits, at law or in equity, to enforce the payment and performance of the Secured Obligations in accordance with the terms hereof and of the Note or other instruments evidencing the Secured Obligations, to foreclose the liens of this Security Instrument as against all or any part of the Property, and to have all or any part of the Property sold under the judgment or decree of a court of competent jurisdiction.

(b) In the event a foreclosure hereunder should be commenced by Trustee in accordance with the powers of sale granted in this Security Instrument, Beneficiary may at any time before the sale, orally or in writing, direct Trustee to abandon the sale, and may then institute suit for the collection of the

Secured Obligations, and/or for the foreclosure of the liens hereof. If Beneficiary should institute a suit for the collection of the Secured Obligations, and/or for a foreclosure of the liens hereof, Beneficiary may at any time before the entry of a final judgment in such suit dismiss such suit (either totally or as to the counts thereof for judicial foreclosure), and require Trustee to sell the Property, or any part thereof, in accordance with the provisions of this Security Instrument.

(c) Exercise all other rights and remedies provided herein, in any Loan Document or other document or agreement now or hereafter securing or guarantying all or any portion of the

Secured Obligations, or by law, including, without limitation, the rights and remedies provided in A.R.S. Section 33-702.B.

4.07. Exercise of Power of Sale. If an Event of Default shall have occurred and be continuing and Beneficiary elects to exercise the power of sale herein contained, Beneficiary shall deliver to Trustee a written statement of breach, notice of default and election to cause Borrower's interest in the Property to be sold and shall deposit with Trustee this Security Instrument and the Note and such receipts and evidence of expenditures made and secured hereby as Trustee may require.

(a) Upon receipt of such statement and notice from Beneficiary, Trustee shall cause to be recorded, published and delivered to Borrower such notice of sale as then required by law (herein, the "Notice of Sale"). Trustee shall, without demand on Borrower, after lapse of such time as may then be required by law and after recordation of such Notice of Sale and Notice of Sale having been given as required by law, sell the Property at the time and place of sale fixed by it in said Notice of Sale, either as a whole, or in separate lots or parcels or items as Trustee shall deem expedient, and in such order as it may determine, at public auction to the highest bidder for cash in lawful money of the United States payable at the time of sale. Trustee shall deliver to such purchaser or purchasers thereof its good and sufficient deed or deeds conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including, without limitation, Borrower, Trustee or Beneficiary, may purchase at such sale and Borrower hereby covenants to warrant and defend the title of such purchaser or purchasers.

(b) After deducting all costs, fees and expenses of Trustee and of this Security Instrument, including, without limitation, Trustee's fees and reasonable attorney's fees, and costs of evidence of title in connection with sale, Trustee shall apply the proceeds of sale in the following priority, to payment of: (i) <u>first</u> all sums expended under the terms of the Loan Documents, not then repaid, with accrued interest at the rate of two percent (2%) in excess of the rate set forth in the Note, but not exceeding the maximum rate permitted by applicable law; (ii) second, all sums due under the Note; (iii) all other sums, then <u>second</u> secured hereby; and (iv) the remainder, if any, to the person or persons legally entitled thereto or as provided in A.R.S. Section 33-812 or any similar or successor statute.

(c) Subject to A.R.S. Section 33-810.B, Trustee may postpone sale of all or any portion of the Property by public announcement at such time and place of sale, and from time to time thereafter may postpone such sale by public announcement or subsequently noticed sale, and without further notice make such sale at the time fixed by the last postponement, or may, in its discretion, give a new notice of sale.

(d) In the event of the resignation or death of Trustee, or Trustee's failure, refusal, or inability, for any reason, to make any such sale or to perform any of the trusts herein declared, or, at the option of Beneficiary, without cause, then Beneficiary may appoint, in writing, a substitute trustee, who shall thereupon succeed to all the Property, and trusts herein granted to and vested in Trustee. If Beneficiary is a corporation, such appointment may be made on behalf of such Beneficiary by any person who is an authorized officer or agent of Beneficiary. In the event of the resignation or death of any such substitute trustee, or Trustee's failure, refusal, or inability to make any such sale or perform such trusts, or, at the option of Beneficiary, without cause, successive substitute trustees may thereafter, from time to time, be appointed in the same manner. Wherever herein the word "Trustee" is used, the same shall mean the person who is the duly appointed trustee or substitute trustee hereunder at the time in questions.

4.08. UCC Remedies. This Security Instrument is a "security agreement" within the meaning of the UCC. The Property includes both real and personal property and all other rights and interests, whether tangible or intangible in nature, of Borrower in the Property. Borrower by executing and delivering this Security Instrument has granted and hereby grants to Borrower, as security for the Secured Obligations, a security interest in the Property to the full extent that the Property may be subject to the UCC (said portion of the Property so subject to the UCC being referred to in this Security Instrument as the "Collateral"). If an Event of Default occurs, Beneficiary may exercise, in addition to all other rights and remedies granted to it in this Security Instrument and in any other Loan Document, all rights and remedies of a secured party under the UCC. Without limiting the generality of the foregoing, Beneficiary, without demand of performance or other demand, presentment, protest, advertisement or notice of any kind (except any notice required by law referred to below) to or upon Borrower or any other person (all and each of which demands, defenses, advertisements and notices are hereby waived), may in such circumstances forthwith collect, receive, appropriate and realize upon the Collateral , or any part thereof, and/or may forthwith sell, lease, assign, give option or options to purchase, or otherwise dispose of and deliver the Collateral or any part thereof (or contract to do any of the foregoing), in one or more parcels at public or private sale or sales, at any exchange, broker's board or office of Beneficiary or elsewhere upon such terms and conditions as it may deem advisable and at such prices as it may deem best, for cash or on credit or for future delivery without assumption of any credit risk. Beneficiary shall have the right upon any such public sale or sales, and, to the extent permitted by law, upon any such private sale or sales, to purchase the whole or any part of the Collateral so sold, free of any right or equity of redemption in Borrower, which right or equity is hereby waived or released. Borrower further agrees, at Beneficiary's request, to assemble the Collateral and make it available to Beneficiary at places which Beneficiary shall reasonably select, whether at Borrower's premises or elsewhere. If any notice of a proposed sale or other disposition of the Collateral shall be required by law, such notice shall be deemed reasonable and proper if given at least ten (10) days before such sale or other disposition.

4.09. Purchase by Beneficiary. Upon any foreclosure or other sale of or any portion of the Property, Beneficiary may bid for and purchase the Property or any part thereof and shall be entitled to apply all or any part of the Secured Obligations as a credit to the purchase price.

4.10. Application of Proceeds of Sale. Any purchase money, proceeds, and avails of any sale or other disposition of the Property, or any part thereof, or any other sums collected by Beneficiary pursuant to this Security Instrument, the Note, or the other Loan Documents may be applied by Beneficiary to the payment of the Secured Obligations in such priority and proportions as Beneficiary in its discretion shall deem proper.

4.11. Borrower as Tenant Holding Over. If any sale of the Property or any part thereof occurs pursuant to this Security Instrument, Borrower shall be deemed a tenant holding over and shall forthwith deliver possession to the purchaser or purchasers at such sale or be summarily dispossessed according to provisions of law applicable to tenants holding over.

4.12. Discontinuance of Proceedings; Restoration of Parties. If Beneficiary proceeds to enforce any right of remedy under this Security Instrument by receiver, entry, or otherwise and such proceedings are discontinued or abandoned for any reason or are determined adversely to Beneficiary, then and in every such case Borrower and Beneficiary shall be restored to their former positions and rights hereunder, and all rights, powers and remedies of Beneficiary shall continue as if no such proceeding had been taken.

4.13. Remedies Cumulative. No right, power, or remedy conferred upon or reserved to Beneficiary by this Security Instrument or any of the other Loan Documents is intended to be exclusive of any other right, power, or remedy, but each and every such right, power, and remedy shall be cumulative and concurrent and shall be in addition to any other right, power, and remedy given under this Security Instrument, any such other Loan Document, or now or hereafter existing at law or in equity or by statute. The exercise by Beneficiary of any such right, power, and remedy shall not operate as an election of remedies by Beneficiary and shall not preclude the exercise by Beneficiary of any or all other such rights, powers, or remedies. If the sale of all or any part of the Property is permitted hereunder, then such sale of the Property may be in one or more parcels and in such manner and order as Beneficiary, in its sole discretion, may elect, it being expressly understood and agreed that the right of sale arising out of an Event of Default shall not be exhausted by any one or more sales, but other and successive sales may be made until all of the Property has been sold or until the Secured Obligations have been fully satisfied.

4.14. Waiver of Appraisement, Valuation, Exemption, Etc. Borrower agrees, to the full extent permitted by law, that in case of an Event of Default hereunder, neither Borrower nor anyone claiming through or under Borrower will set up, claim or seek to take advantage of any appraisement, valuation, stay, extension, exemption, or laws now or hereafter in force, in order to prevent or hinder the enforcement or foreclosure of this Security Instrument, or the absolute sale of the Property or any part thereof, or the delivery of possession thereof immediately after such sale to the purchaser at such sale, and Borrower, for itself and all who may at any time claim through or under Borrower, hereby waives to the full extent that it may lawfully so do, the benefit of all such laws, and any and all right to have the assets subject to the lien and security interest of this Security Instrument marshaled upon any foreclosure or sale under the power herein granted.

4.15. Suits to Protect the Property. Beneficiary shall have power (i) to institute and maintain such suits and proceedings as it may deem expedient to prevent any impairment of the Property by any acts which may be unlawful or any

violation of this Security Instrument, (ii) to preserve or protect its interest in the Property and in the Rents, and (iii) to restrain the enforcement of or compliance with any legislation or other governmental enactment, rule, or order that may be unconstitutional or otherwise invalid, if the enforcement of or compliance with such enactment, rule, or order would impair the security hereunder or be prejudicial to the interest of Beneficiary.

4.16. Delay or Omission No Waiver. No delay or omission of Beneficiary or of any holder of the Note to exercise any right, power, or remedy accruing upon any Event of Default shall exhaust or impair any such right, power, or remedy or shall be construed to be a waiver of any such Event of Default, or acquiescence therein, and every right, power, and remedy given by this Security Instrument to Beneficiary may be exercised from time to time and as often as may be deemed expedient by Beneficiary.

4.17. No Waiver of Event of Default to Affect Another, etc. No waiver of any Event of Default hereunder shall extend to or shall affect any subsequent or any other then existing Event of Default or shall impair any rights, powers, or remedies consequent thereon. If Beneficiary (i) grants forbearance or an extension of time for the payment of any of the Secured Obligations, (ii) takes other or additional security for the payment of the Secured Obligations, (iii) waives or does not exercise any right granted in the Note, this Security Instrument, or any of the other Loan Documents, (iv) releases any part of the Property from the lien and interest of this Security

Instrument or otherwise changes any of the terms of the Note, this Security Instrument, or any of the other Loan Documents, (v) consents to the filing of any map, plat, or replat pertaining to the Property, (vi) consents to the granting of any easement or license affecting the Property, or (vii) makes or consents to any agreement subordinating the lien and interest of this Security Instrument, then any such act or omission shall not release, discharge, modify, change, or affect the original liability under the Note, this Security Instrument, or otherwise of Borrower or any subsequent purchaser of the Property or any part thereof, or any maker, co-signer, endorser, surety, or guarantor, nor shall any such act or omission preclude Beneficiary from exercising any right, power, or privilege herein granted or intended to be granted in the event of any other Event of Default then made or of any subsequent Event of Default, nor, except as otherwise expressly provided in an instrument or instruments executed by Beneficiary, shall the lien and security interest of this Security Instrument be altered thereby. In the event of the sale or transfer by operation of law or otherwise of all or any part of the Property, Beneficiary, at its option, without notice to any person or entity, hereby is authorized and empowered to deal with any such vendee or transferee with reference to the Property or the Secured Obligations, or with reference to any of the terms or conditions hereof, as fully and to the same extent as it might deal with the original parties hereto and without in any way releasing or discharging any of the liabilities or undertakings hereunder.

4.18. Proofs of Claim. In the case of any receivership, insolvency, bankruptcy, reorganization, arrangement, adjustment, composition or other proceedings affecting Borrower or its creditors or property, Beneficiary, to the extent permitted by law, shall be entitled to file such proofs of claim and other documents as may be necessary or advisable in order to have the claims of Beneficiary allowed in such proceedings for the entire amount due and payable by Borrower under this Security Instrument at the date of the institution of such proceedings and for any additional amount which may become due and payable by Borrower hereunder after such date.

Article V - Financing Statements and Fixture Filing

5.01. Financing Statements. Borrower covenants and agrees to execute, file, and refile such financing statements, continuation statements, or other documents as Beneficiary shall require from time to time with respect to the Collateral. Borrower agrees that the filing of financing statement(s) in the records normally having to do with the Collateral shall not in any way affect the agreement of Borrower that everything used in connection with the production of income from the Property or adapted for use therein or that is described or reflected in this Security Instrument is, and at all times and for all purposes and in all proceedings, both legal or equitable, shall be, regarded as part of the Land conveyed hereby regardless of whether (i) any such item is physically attached to the Improvements, (ii) serial numbers are used for the better identification of certain items capable of being thus identified in an exhibit to this Security Instrument, or (iii) any such item is referred to or reflected in any such financing statement(s) so filed at any time. Similarly, the mention in any such financing statement(s) of the rights in and to (aa) the proceeds of any insurance policy, (bb) any award in condemnation proceedings for taking or for loss of value, or (cc) Borrower's interest as lessor in any present or future Leases or Rents shall not in any way alter any of the rights of Beneficiary as determined by this Security Instrument or affect the priority of Beneficiary's security interest granted hereby or by any other recorded document, it being understood and agreed that such mention in such financing statement(s) is solely for the protection of Beneficiary in the event any court shall at any time hold, with respect to the foregoing items (aa), (bb), or (cc), that notice of Beneficiary's priority of interest, to be effective against a particular class

of persons, must be filed in the UCC records. This Security Instrument may be filed as a financing statement in any office where Beneficiary deems such filing necessary or desirable, and Borrower will promptly upon demand reimburse Beneficiary for the costs therefor.

5.02. Fixture Filing. To the extent that the Property includes items of personal property that are or are to become fixtures under applicable law, and to the extent permitted under applicable law, the filing of this Security Instrument in the real estate records of the county in which such Property is located shall also operate from the time of filing as a fixture filing with respect to such Property, and the following information is applicable for the purpose of such fixture filing:

(1) Name and address of the debtor:

Wells Operating Partnership, L.P.
c/o Wells Real Estate Funds
6200 Corners Parkway
Suite 250
Norcross, Georgia 30092

(2) Name and address of the secured party:

SouthTrust Bank
P.O. Box 2554
Birmingham, Alabama 35290

(3) This documents covers goods or items of personal property which are

or are to become fixtures upon the real estate described herein.

(4) The name of the record owner of the real estate on which such fixtures are or are to be located is Wells Operating Partnership, L.P.

Article VI - Defeasance

6.01. Defeasance Upon Payment of the Secured Obligations. This Security Instrument shall cease, terminate, and thereafter be of no further force and effect in the event that all of the Secured Obligations shall have been paid, performed, and satisfied in full. Upon such termination and at Borrower's request and expense, Beneficiary shall execute, acknowledge, and deliver to Borrower an instrument, in proper form for recording, without warranty, releasing the lien and security interest of this Security Instrument and reconveying to Borrower the Property.

6.02. [Intentionally Omitted]

Article VII - Local Law Provisions

7.01. Inconsistencies. In the event of any inconsistencies or dichotomies between the terms and conditions of this Article VI and the other provisions of this Security Instrument, the terms and conditions of this Article VI shall be controlling.

7.02. No Oral Agreements/Notice under Tex. Bus. & Com. Code Ann. (S) 26.02. The Security Documents executed in connection herewith represent the final agreement between the parties and may not be contradicted by evidence of prior, contemporaneous or subsequent oral agreements of the parties. There are no unwritten oral agreements between the parties.

Article VIII - Document Protocols

This Security Instrument is governed by the Document Protocols set forth in Exhibit A attached to the Loan Agreement, which are specifically incorporated herein as if fully set forth herein.

Article IX - Deed of Trust Provisions

9.01. Concerning Trustee. Trustee shall be under no duty to take any action hereunder except as expressly required hereunder or by law or to perform any act which would involve Trustee in any expense or liability or to institute or defend any suit in respect hereof, unless properly indemnified to Trustee's reasonable satisfaction. Trustee, by acceptance of this Security Instrument, covenants to perform and fulfill the trusts herein created. Trustee shall not be answerable or accountable hereunder except for its own willful misconduct or gross negligence, and Borrower agrees to indemnify, defend and hold Trustee harmless from and against any cost, loss, damage, liability or expense (including, without limitation, reasonable attorney's fees and disbursements) which Trustee may incur or sustain in the exercise or performance of its powers and duties hereunder. Trustee hereby waives any statutory fee and agrees to accept reasonable compensation, in lieu thereof, for any services rendered by Trustee in accordance with the terms hereof. Trustee may resign at any time upon giving at least thirty (30) days' notice to Borrower and Beneficiary. In the event of the death, removal, resignation, refusal or inability to act of Trustee, or in its sole discretion for any reason whatsoever, Beneficiary may,

without notice and without specifying any reason therefor and without applying to any court, select and appoint a successor trustee, by an instrument recorded wherever this Security Instrument is recorded, and all powers, rights, duties and authority of Trustee, as aforesaid, shall thereupon become vested in such successor. Such substitute trustee shall not be required to give bond for the faithful performance of the duties of Trustee hereunder unless required by Beneficiary. The procedure provided for in this paragraph for substitution of Trustee shall be in addition to and not in exclusion of any other provisions for substitution, by law or otherwise.

9.02. Trustee's Fees. Borrower shall pay all reasonable costs, fees and expenses incurred by Trustee and Trustee's agents and counsel in connection with the performance by Trustee of Trustee's duties hereunder, and all such costs, fees and expenses shall be secured by this Security Instrument.

9.03. Certain Rights. Trustee shall not be personally liable in case of entry by Trustee, or anyone entering by virtue of the powers herein granted to Trustee, upon the Property for debts contracted for or liability or damages incurred in the management or operation of the Property. Trustee shall have the right to rely on any instrument, document, or signature authorizing or supporting an action taken or proposed to be taken by Trustee hereunder, which is believed by Trustee in good faith to be genuine.

9.04. Retention of Money. All moneys received by Trustee shall, until used or applied as herein provided, be held in trust for the purposes for which they were received, but need not be segregated in any manner from any other moneys (except to the extent required by applicable law), and Trustee shall be under no liability for interest on any moneys received by Trustee hereunder.

9.05. Perfection of Appointment. If any deed, conveyance or other instrument of any nature be required from Borrower by Trustee or any substitute trustee to more fully and certainly vest in and confirm to Trustee or such substitute trustee the estates rights, powers, and duties conferred hereunder unto Trustee, then, upon request by Trustee or such substitute trustee, any and all such deeds, conveyances and instruments shall be made, executed, acknowledged, and delivered and shall be caused to be recorded and/or filed by Borrower at its sole expense.

9.06. Succession Instruments. Any substitute trustee appointed pursuant to any of the provisions hereof shall, without any further act, deed or conveyance, become vested with all the estates, properties, rights, powers, and trusts of its predecessor in the rights hereunder with like effect as if originally named as Trustee herein; but nevertheless, upon the written request of Beneficiary or of the substitute trustee, the predecessor trustee ceasing to act shall execute and deliver any instrument transferring to such substitute trustee, upon the trusts herein expressed, all of the estates, properties, rights, powers and trusts of such predecessor trustee so ceasing to act, and shall duly assign, transfer and deliver any of the property and moneys held by such trustee to such substitute trustee.

9.07. Conveyance by Trustee. Upon receipt by Trustee of written notice from Beneficiary that the Secured Obligations have been fully paid as provided in Section 6.01 above, Trustee shall reconvey the Property, without warranty, to Borrower or such Person or Persons lawfully entitled thereto.

Article X - Leasehold Mortgage Provisions

10.01. Leasehold Representations, Warranties, and Covenants. Borrower hereby represents, warrants and covenants as follows:

(1) the Ground SubLeases and, to the best knowledge of

Borrower, the Ground Prime Lease, are in full force and effect, unmodified by any writing or otherwise, and Borrower has not waived, canceled or surrendered any of its rights thereunder;

(2) all rent, additional rent and/or other charges reserved in or payable under the Ground SubLeases and, to the best knowledge of Borrower, the Ground Prime Lease, have been paid to the extent that they are payable to the date hereof;

(3) Borrower enjoys the quiet and peaceful possession of the Leasehold Estate;

(4) Borrower has not delivered or received any notices of default under either Ground Lease and is not in default under any of the terms of the Ground SubLeases, and there are no circumstances which, with the passage of time or the giving of notice, or both, would constitute a default under the Ground SubLeases or, to the best knowledge of Borrower, the Ground Prime Lease;

(5) Ground Lessor is not in default under any of the terms of the Ground SubLeases or, to the best knowledge of Borrower, the Ground Prime Lease on its part to be observed or performed;

(6) Borrower has delivered to Beneficiary a true, accurate and complete copy of the Ground Leases;

(7) Borrower promptly shall pay the rent and all other sums and charges mentioned in, and payable under, the Ground SubLeases;

(8) Borrower promptly shall perform and observe all of the terms, covenants and conditions required to be performed and observed by the lessee under the Ground SubLeases, the breach of which could permit any party to the Ground SubLeases validly to terminate the Ground SubLeases (including, without limitation, all payment obligations), shall do all things necessary to preserve and to keep unimpaired its rights under the Ground SubLeases, shall not waive, excuse or discharge any of the obligations of Ground Lessor without Beneficiary's prior written consent in each instance, and shall diligently and continuously enforce the obligations of Ground Lessor;

(9) Borrower shall not do, permit or suffer any event or omission as a result of which there could occur a default under the Ground SubLeases or any event which, with the giving of notice or the passage or time, or both, would constitute a default under the Ground SubLeases which could permit any party to the Ground SubLeases validly to terminate the Ground SubLeases (including, without limitation, a default in any payment obligation), and Borrower shall obtain the consent or approval of Ground Lessor to the extent required pursuant to the terms of the Ground SubLeases;

(10) Borrower shall not cancel, terminate, surrender, modify or amend or in any way alter, surrender all or any portion of the Property, permit the alteration of any of the provisions of the Ground SubLeases or agree to any termination, amendment, modification or surrender of the Ground SubLeases without Beneficiary's prior written consent in each instance, provided however, Borrower may negotiate an extension of the term of the Ground SubLeases at the then current fair market rent;

(11) Borrower shall deliver to Beneficiary copies of any notice

of default by any party under the Ground Leases, or of any notice from either Ground Lessor of its intention to terminate the applicable Ground Lease or to re-enter and take possession of the Property, immediately upon delivery or receipt of such notice, as the case may be;

(12) Borrower shall promptly furnish to Beneficiary copies of such information and evidence as Beneficiary may request concerning Borrower's due observance, performance and compliance with the terms, covenants and conditions of the Ground SubLeases;

(13) Borrower knows of no adverse claim to the title or possession of Borrower or either Ground Lessor;

(14) Borrower shall not consent to the subordination of either Ground Lease to any mortgage or other lease of the fee interest in the Property; and

(15) Borrower, at its sole cost and expense, shall execute and deliver to Beneficiary, within five (5) days after request, such documents, instruments or agreements as may be required to permit Beneficiary to cure any default under either Ground Lease.

10.02. Cure by Beneficiary. In the event of a default by Borrower in the performance of any of its obligations under the Ground SubLeases, including, without limitation, any default in the payment of any sums payable thereunder, then, in each and every case, Beneficiary may, at its option, cause the default or defaults to be remedied and otherwise exercise any and all of the rights of Borrower thereunder in the name of and on behalf of Borrower. Borrower shall, on demand, reimburse Beneficiary for all advances made and expenses incurred by Beneficiary in curing any such default (including, without limitation, reasonable attorneys' fees and disbursements), together with interest thereon computed from the date that such advance is made to and including the date the same is paid to Beneficiary.

10.03. Options to Renew or Extend the Ground SubLeases. Borrower shall give Beneficiary written notice of its intention to exercise each and every option, if any, to renew or extend the term of the Ground SubLeases, at least thirty (30) days prior to the expiration of the time to exercise such option under the terms thereof. If required by Beneficiary, Borrower shall duly exercise any renewal or extension option with respect to the Ground SubLeases if Beneficiary reasonably determines that the exercise of such option is necessary to protect Beneficiary's security for the Loan. If Borrower intends to renew or extend the term of the Ground SubLeases, it shall deliver to Beneficiary, with the notice of such decision, a copy of the notice of renewal or extension delivered to Ground Lessor, together with the terms and conditions of such renewal or extension. If Borrower does not renew or extend the term of the Ground SubLeases, Beneficiary may, at its option, exercise the option to renew or extend in the name of and on behalf of Borrower. Borrower hereby irrevocably appoints Beneficiary as its attorney-in-fact, coupled with an interest, to execute and deliver, for and in the name of Borrower, all instruments and agreements necessary under the Ground SubLeases or otherwise to cause any renewal or extension of the Ground SubLeases.

10.04. Additional Ground Lease Covenants.

(a) In the event either Ground Lease shall be terminated by reason of a default thereunder by Borrower or any other party, and Beneficiary shall require from Ground Lessor a new ground lease, Borrower hereby waives any right, title and interest in and to such new ground lease or the leasehold estate created thereby, waiving all rights of redemption now or hereafter operable under any

law.

(b) Borrower shall not elect to treat either Ground Lease as terminated, canceled or surrendered pursuant to the applicable provisions of the Bankruptcy Code (including, without limitation, Section 365(h)(1) thereof) without Beneficiary's prior written consent in the event of Ground Lessor's Bankruptcy. In addition, Borrower shall, in the event of Ground Lessor's Bankruptcy, reaffirm and ratify the legality, validity, binding effect and enforceability of the applicable Ground Lease and shall remain in possession of the Land and the Leasehold Estate, notwithstanding any rejection thereof by Ground Lessor or any trustee, custodian or receiver.

(c) Borrower shall give Beneficiary not less than thirty (30) days prior written notice of the date on which Borrower shall apply to any court or other governmental authority for authority and permission to reject the Ground SubLeases in the event that there shall be filed by or against Borrower any petition, action or proceeding under the Bankruptcy Code or under any other similar federal or state law now or hereafter in effect and if Borrower determines to reject the Ground SubLeases. Beneficiary shall have the right, but not the obligation, to serve upon Borrower within such thirty (30) day period a notice stating that (i) Beneficiary demands that Borrower assume and assign the Ground SubLeases to Beneficiary subject to and in accordance with the Bankruptcy Code, and (ii) Beneficiary covenants to cure or provide reasonably adequate assurance thereof with respect to all defaults reasonably susceptible of being cured by Beneficiary and of future performance under the Ground SubLeases. If Beneficiary serves upon Borrower the notice described above, Borrower shall not seek to reject the Ground SubLeases and shall comply with the demand provided for in clause (i) above within fifteen (15) days after the notice shall have been given by Beneficiary.

(d) During the continuance of an Event of Default, Beneficiary shall have the right, but not the obligation, (i) to perform and comply with all obligations of Borrower under the Ground SubLeases without relying on any grace period provided therein, (ii) to do and take, without any obligation to do so, such action as Beneficiary deems necessary or desirable to prevent or cure any default by Borrower under the Ground SubLeases, including, without limitation, any act, deed, matter or thing whatsoever that Borrower may do in order to cure a default under the Ground SubLeases and (iii) to enter in and upon the Land or any part thereof to such extent and as often as Beneficiary deems necessary or desirable in order to prevent or cure any default of Borrower under the Ground SubLeases. Borrower shall, within five (5) days after written request is made therefor by Beneficiary, execute and deliver to Beneficiary or to any party designated by Beneficiary, such further instruments, agreements, powers, assignments, conveyances or the like as may be reasonably necessary to complete or perfect the interest, rights or powers of Beneficiary pursuant to this Section or as may otherwise be required by Beneficiary.

(e) In the event of any arbitration under or pursuant to the Ground SubLeases in which Beneficiary elects to participate, Borrower hereby irrevocably appoints Beneficiary as its true and lawful attorney-in-fact (which appointment shall be deemed coupled with an interest) to exercise, during the continuance of an Event of Default, all right, title and interest of Borrower in connection with such arbitration, including, without limitation, the right to appoint arbitrators and to conduct arbitration proceedings on behalf of Borrower and Beneficiary. All costs and expenses incurred by Beneficiary in connection with such arbitration and the settlement thereof shall be borne solely by Borrower, including, without limitation, attorneys' fees and disbursements. Nothing contained in this Section shall obligate Beneficiary to participate in any such arbitration.

(f) Beneficiary shall have the right, but not the obligation, to proceed in respect of any claim, suit, action or proceeding relating to the rejection of either Ground Lease by Ground Lessor as a result of Ground Lessor's Bankruptcy, including, without limitation, the right to file and prosecute any and all proofs of claims, complaints, notices and other documents in any case in respect of Ground Lessor under and pursuant to the Bankruptcy Code.

10.05. No Liability. Anything contained herein to the contrary notwithstanding, this Security Instrument shall not constitute an assignment of either Ground Lease within the meaning of any provision thereof prohibiting its assignment and Beneficiary shall have no liability or obligation thereunder by reason of its acceptance of this Security Instrument. Beneficiary shall be liable for the obligations of the lessee arising under the Ground SubLeases for only that period of time which Beneficiary is in possession of the Property or has acquired, by foreclosure or otherwise, and is holding all of Borrower's right, title and interest therein.

10.06. No Merger. It is hereby agreed that the fee title to the Land and the Leasehold Estate shall not merge but shall always be kept separate and distinct, notwithstanding the union of said estates in either Ground Lessor, Borrower, or a third party, whether by purchase or otherwise. If Borrower shall acquire fee title to the Land or any other estate, title or interest in the Land or any portion thereof, then, immediately upon Borrower's acquisition thereof, this Security Instrument automatically shall spread to cover Borrower's interest in such leased property on the same terms, covenants and conditions as set forth herein. Upon such acquisition, Borrower, at it's sole cost and expense, shall deliver to Beneficiary an ALTA Form B Mortgage Title Insurance Policy issued by a title insurance company acceptable to Beneficiary insuring that this Security Instrument as so spread to cover Borrower's interest in such leased property, is a valid first lien on Borrower's interest therein, subject only to the Permitted Exceptions. It is the intention of Borrower and Beneficiary that no documents, instruments or agreements shall be necessary to confirm the foregoing spread of this Security Instrument to cover Borrower's interest in such leased property, as aforesaid, and that such spreading shall occur automatically upon the consummation of Borrower's acquisition of such estate, title or interest to such leased property. Notwithstanding the foregoing, Borrower shall make, execute, acknowledge and deliver to Beneficiary or so cause to be made, executed, acknowledged and delivered to Beneficiary, in form satisfactory to Beneficiary, all such further or other documents, instruments, agreements or assurances as may be required by Beneficiary to confirm the foregoing spread of this Security Instrument to cover Borrower's interest in such leased property. Borrower shall pay all reasonable expenses incurred by Beneficiary in connection with the preparation, execution, acknowledgment, delivery and/or recording of any such documents, including, without limitation, all filing, registration and recording fees and charges, documentary stamps, mortgage taxes, intangible taxes, and reasonable attorneys' fees, costs and disbursements.

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IN WITNESS WHEREOF, Borrower has caused this Security Instrument to be signed and sealed by its duly authorized representative as of the day and year first above written.

WELLS OPERATING PARTNERSHIP, L.P., a

Delaware limited partnership

By: Wells Real Estate Investment Trust, Inc., a Maryland corporation, Its sole General Partner

By: /s/ Douglas P. Williams

Name: Douglas P. Williams

Title: Executive Vice President

[Affix corporate seal]

Acknowledgment

STATE OF GEORGIA)
COUNTY OF GWINNETT)

Before me a Notary Public in and for the State of GEORGIA, on this day personally appeared Douglas P. Williams, the Executive Vice President of Wells Real Estate Investment Trust, Inc., a Maryland corporation, which is the sole general partner of Wells Operating Partnership, L.P., a Delaware limited partnership, known to me to be the person and officer whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed said instrument as the act and deed of such limited partnership, for the purposes and consideration therein expressed, and in the capacity therein stated.

Given under my hand and seal of office this 13/th/ day of December, 2000.

[SEAL]

/s/ Martha Jean Cory

NOTARY PUBLIC in and for the State of GEORGIA

Name (print): MARTHA JEAN CORY

My Commission expiry: 6-24-2004

Exhibit B

Description of Leases

EXHIBIT 10.62

AMENDED AND RESTATED REVOLVING NOTE
RELATING TO THE SOUTHTRUST BANK N.A. $7,900,000 REVOLVING LINE OF CREDIT

Amended and Restated Revolving Note

$7,900,000.00 December 15/th/, 2000

FOR VALUE RECEIVED, the undersigned WELLS REIT, LLC - VA I, a Georgia limited liability company (hereinafter referred to as "Borrower"), promises to pay to the order of SOUTHTRUST BANK, an Alabama banking corporation (as successor by conversion to SouthTrust Bank, National Association, a national banking association) (hereinafter referred to as "Lender"), the principal sum of Seven Million Nine Hundred Thousand and No/100 Dollars ($7,900,000.00), or so much thereof as may have been advanced to Borrower from time to time hereunder in accordance with, and subject to the conditions of, that certain Amended and Restated Loan Agreement of even date herewith between Borrower and Lender (as the same might hereafter be amended, extended, supplemented, or restated, the "Loan Agreement"), together with interest and other charges as provided herein.

1. Purpose of Note; Incorporation of Loan Agreement. This "Note" amends, renews, decreases, restates, and reinstates that certain Promissory Note dated December 29, 1999, payable by Borrower to the order of Lender in the principal amount of $9,280,000.00 (the "Original Note"). This Note is the "Note" referred to in, and is issued pursuant to the Loan Agreement. The principal of this Note will be disbursed to Borrower in a series of advances in accordance with, and subject to the conditions of the Loan Agreement. This Note is entitled to all of the benefits and security of the Loan Agreement and the other Loan Documents (as defined in the Loan Agreement), and all of the terms, covenants, and conditions of the Loan Agreement are hereby made a part of this Note and are deemed incorporated herein in full.

2. Definitions. Capitalized terms used, but not defined, shall have the meanings assigned to them in the Loan Agreement. As used in this Note, the following terms shall have the following meanings:

"Adjusted LIBOR" shall mean the quotient of (i) the "London Interbank Offered Rate (LIBOR)" at which U.S. Dollar deposits for a maturity comparable to the Interest Period are offered to Lender in immediately available funds in the London Interbank Market, as quoted in the Money Rates section of The Wall Street Journal as effective for contracts entered into on the first day of the applicable Interest Period, divided by (ii) 1.00 minus any applicable Reserve Requirement for such Interest Period required by Regulation D (expressed as a decimal).

"Applicable Spread" shall mean one and seventy-five hundredths percent (1.75%).

"Base Rate" shall mean the per annum rate of interest periodically designated and announced to the public by Lender as its "Base Rate". The Base Rate is not necessarily the lowest rate charged by Lender.

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This Note amends, renews, decreases, and restates that certain Promissory Note dated December 29, 1999, payable by Borrower to the order of Lender in the principal amount of $9,280,000.00 (the "Original Note"). The appropriate recording tax of $18,560.00 was paid as required by law with respect to the Original Note. Accordingly, no additional recording tax is due with respect to this Note.

"Business Day" shall mean a day which is not a public

holiday and on which banks in Atlanta, Georgia, are customarily open for business.

"Default Rate" shall mean a per annum rate of interest equal to two percentage points (2%) in excess of the rate of interest otherwise applicable hereunder on the date the Default Rate takes effect.

"Eurodollar Rate" shall mean the rate per annum (rounded upwards, if necessary, to the nearest 0.0625%) equal to the Adjusted LIBOR plus the Applicable Spread, which rate shall not fluctuate during each Interest Period.

"Interest Period" shall mean each successive period of one (1) Month following the date of this Note, provided that (i) no Interest Period may extend beyond the maturity of this Note, and (ii) if any such Interest Period would otherwise end on a day that is not a Business Day, that Interest Period shall be extended to the next succeeding Business Day unless the result of such extension would be to extend such Interest Period beyond the maturity of this Note, in which event such Interest Period shall end on the immediately preceding Business Day.

"Loan Term" shall mean the period commencing on the date of this Note and ending on the Maturity Date.

"Month" shall mean (i) with respect to the initial Interest Period under this Note, the interval commencing on the date of this Note and ending on the day before the first Monthly Payment Date, inclusive, and (ii) with respect to each subsequent Interest Period, the interval commencing on a Monthly Payment Date and ending on the day before the next Monthly Payment Date, inclusive.

"Monthly Payment Date" shall mean the tenth (10th) of each calendar month during the term of this Note.

"Regulation D" shall mean Regulation D of the Board of Governors of the Federal Reserve System from time to time in effect and shall include any successor or other regulation or official interpretation of said Board of Governors relating to reserve requirements applicable to member banks of the Federal Reserve System.

"Reserve Requirement" shall mean with respect to any Interest Period, the weighted average during such Interest Period of the maximum aggregate reserve requirement (including all basic, supplemental, marginal, and other reserves and taking into account any transitional adjustments or other scheduled changes in reserve requirements during the Interest Period), if any, that is imposed under Regulation D and that is applicable to the class of banks of which Lender is a member on "eurocurrency liabilities," as that term is defined in Regulation D. Lender acknowledges that, as of the date hereof, the Reserve Requirement is zero, provided that the Reserve Requirement may increase from time to time during the term of this Note.

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3. Payment Terms.

(a) Commencing on January 10, 2001, and on each Monthly Payment Date thereafter until June 10, 2002 (the "Maturity Date"), Borrower shall pay to Lender all accrued but unpaid interest on the outstanding principal of this Note. On the Maturity Date, Borrower shall pay to Lender the entire outstanding principal balance of this Note, together with all accrued interest thereon.

(b) All payments shall be applied, at Lender's option, first to any fees, expenses, or other costs that Borrower is obligated to pay under this Note or the other Loan Documents, second to interest due on this Note, and third to the outstanding principal of this Note. All payments, fees, charges, and other sums due hereunder shall be remitted to Lender at the following address:

SouthTrust Bank
P. O. Box 830776
Birmingham, Alabama 35283-0776
Attn: McCracken Loan Servicing

or at such other address as Lender or any subsequent holder of this Note may from time to time designate in writing. All principal, interest, and other charges payable under this Note shall be paid in lawful money of the United States of America.

(c) Borrower will pay to Lender a late charge equal to five percent (5%) of the amount of any payment that is not received by Lender within ten (10) days after the date such payment is due under the terms of this Note. In no case will any such late charge be less than $0.50 or more than the maximum amount allowed by applicable law. Collection or acceptance by Lender of such late charge will not constitute a waiver of any rights or remedies of Lender provided in this Note or in any other Loan Document. The late charge provided for herein represents a fair and reasonable estimate by Borrower and Lender of a fair average compensation for the loss that might be sustained by Lender due to the failure of Borrower to make timely payments hereunder, the parties recognizing that the damages caused by such extra administrative expenses and loss of the use of funds is impracticable or extremely difficult to ascertain or estimate.

4. Interest Rate.

(1) The principal of this Note outstanding from time to time shall bear interest at the Eurodollar Rate, which rate shall not fluctuate during each applicable Interest Period. As of the commencement of each Interest Period following the initial Interest Period, the rate of interest on this Note shall increase or decrease to reflect change in the Eurodollar Rate from the Interest Period just ended.

(2) Notwithstanding anything to the contrary herein, if at any time during the Loan Term Lender determines, in accordance with reasonable and ordinary commercial standards, that its acquisition of funds in the London Interbank Market would be in violation of any law, regulation, guideline, or order, Lender may so notify Borrower in writing or by telephone, and upon the giving of such notice, this Note will immediately cease bearing interest at the Eurodollar Rate as provided above, and the outstanding principal of this Note shall thereupon commence to bear interest at the variable

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per annum rate equal to the Base Rate; provided that if, as of the last day on which interest on this Note accrues at the Eurodollar Rate, the Base Rate is lower or higher than the Eurodollar Rate in effect on this Note on such date, then a spread shall be added to or subtracted from Base Rate in an amount equal to the difference between the Base Rate and the Eurodollar Rate in effect on this Note (the "Base Rate Spread"), and principal of this Note shall thereafter bear interest at the variable rate equal to the Base Rate Spread plus the Base Rate. For example, if on such day the Eurodollar Rate is 6.75% and the Base Rate

is 6.25%, then the Base Rate Spread shall be 0.50%. If on such day the Base Rate is 7.50%, then the Base Rate Spread shall be -0.75%. At all times while this Note bears interest at a rate determined by using the Base Rate as a reference, such rate shall be adjusted to reflect changes in the Base Rate, with such adjustments being effective of the date that the Base Rate changes. Notwithstanding the fact that Lender has based the interest rate applicable hereunder upon Lender's cost of funds in the London Interbank Market, Lender shall not be required actually to obtain funds from such source at any time.

(3) Upon the occurrence of any Event of Default hereunder, the principal amount of this Note shall automatically, without notice to or demand upon Borrower, bear interest at the Default Rate. Borrower agrees that the Default Rate represents a fair and reasonable estimate by Borrower and Lender of a fair average compensation for the risk of loss that Lender will experience due to the occurrence of an Event of Default and for the cost and expenses that might be incurred by Lender by reason of the occurrence of an Event of Default, with the parties agreeing that the damages caused by such increased risk and extra cost and expenses are impracticable or extremely difficult to ascertain or estimate. The payment by Borrower of interest at the Default Rate will not prejudice the rights of Lender to collect any other amounts required to be paid by Borrower hereunder or under any of the other Loan Documents.

(4) All interest on the principal of this Note, whether calculated using the Eurodollar Rate, the Fixed Rate, the Base Rate, or the Default Rate as a reference, shall be calculated on the basis of a 360-day year by multiplying the outstanding principal amount by the applicable per annum rate, multiplying the product thereof by the actual number of days elapsed, and dividing the product so obtained by 360.

5. Prepayment. Borrower may prepay the outstanding principal of this Note, or any part thereof, at any time and from time to time. Partial prepayments will be applied to principal installments coming due under this Note in their inverse order of maturity. Borrower may reborrow, repay, and reborrow up to a principal amount outstanding not exceeding the amount of this Note so long as no Event of Default (as defined in the Loan Agreement) exists.

6. Collection Costs. Lender shall be entitled to recover all costs of collecting, securing, or attempting to collect or secure this Note, or defending any action seeking the avoidance or rescission of any payment of or security for this Note, including, without limitation,

court costs and reasonable attorneys' fees actually incurred, including attorneys' fees on any appeal by either Borrower or Lender.

7. Fees. In consideration of the extension of credit evidenced hereby, a fee of one eighth (1/8th) of one percent (1%) of each advance made under the Loan shall be due and payable at the time Lender makes such advance.

8. Events of Default. The occurrence or existence of an Event of Default pursuant to, and as defined in, the Loan Agreement, including, without limitation, Borrower's failure to pay any installment of principal or interest on this Note or any other sum due hereunder on the due date thereof, which failure continues beyond any cure period and notice requirement set forth in the Loan Agreement, shall constitute an event of default under this Note (an "Event of Default"). Lender, at its option, upon or at any time after the occurrence of an Event of Default, may (i) declare the then outstanding principal amount of this Note, together with all accrued interest thereon and all other agreed or permitted charges owing by Borrower hereunder, to be, and the same will thereupon become, immediately due and payable without notice to or demand upon Borrower, all of which Borrower hereby expressly waives, and (ii) pursue all rights and remedies available under the Loan Documents and at law or in equity. All rights and remedies of Lender under the terms of this Note and the other

Loan Documents and applicable statutes or rules of law will be cumulative and may be exercised successively or concurrently.

9. Usury. It is the intent of Borrower and Lender in the execution of this Note and all other Loan Documents to contract in strict compliance with the usury laws governing the loan evidenced by this Note. In furtherance thereof, Lender and Borrower stipulate and agree that none of the terms and provisions contained in the Loan Documents shall ever be construed to create a contract for the use, forbearance, or detention of money requiring payment of interest at a rate in excess of the maximum interest rate permitted to be charged by the laws governing the loan evidenced by the Note. Borrower or any guarantor (including Guarantor), endorser, or other party now or hereafter becoming liable for the payment of the Note shall never be liable for unearned interest on the Note and shall never be required to pay interest on the Note at a rate in excess of the maximum interest that may be lawfully charged under the laws governing the loan evidenced by the Note, and the provisions of this paragraph shall control over all other provisions of the Note and any other instrument executed in connection herewith which may be in apparent conflict herewith. In the event any holder of the Note shall collect monies that are deemed to constitute interest and that would otherwise increase the effective interest rate on the Note to a rate in excess of that permitted to be charged by the laws governing the loan evidenced by the Note, all such sums deemed to constitute interest in excess of the legal rate shall be applied to the unpaid principal balance of the Note and if in excess of such balance, shall be immediately returned to the Borrower upon such determination. All sums paid or agreed to be paid for the use, forbearance or detention of money payable under this Note shall, to the extent allowed by applicable law, be amortized, prorated, allocated and spread throughout the full term of this Note.

10. Time of Essence. Time is of the essence with respect to this Note and the performance of all obligations contained herein.

11. Waiver. Borrower, and all guarantors (including Guarantor), endorsers, and sureties of this Note, hereby waives, to the fullest extent permitted by applicable law, all rights of exemption of property from levy or sale under execution or other process for the collection of debts under the Constitution or laws of the United States or any state thereof, demand, presentment, protest, notice of dishonor, notice of non-payment, diligence in collection, and all other

requirements necessary to charge or hold the Borrower liable on any obligations hereunder, and any further receipt for or acknowledgment of any collateral now or hereafter deposited by Borrower as security for the obligations hereunder.

12. Binding Effect. Lender will not by any act, delay, omission, or otherwise be deemed to have waived any of its rights or remedies under this Note or the other Loan Documents, and no waiver of any kind will be valid unless in writing and signed by Lender. The provisions of this Note will be construed without regard to the party responsible for the drafting and preparation hereof. Any provision in this Note that might be unenforceable or invalid under any law will be ineffective to the extent of such unenforceability or invalidity without affecting the enforceability or validity of any other provision hereof. This Note and the obligations of Borrower hereunder shall be binding upon and enforceable against Borrower and its successors and assigns and will inure to the benefit of Lender and its successors and assigns, including any subsequent holder of this Note. Borrower agrees that, without releasing or impairing Borrower's liability hereunder, Lender may at any time release, surrender, substitute, or exchange any collateral securing this Note and may at any time release any party primarily or secondarily liable for the indebtedness evidenced by this Note.

13. Document Protocols. This Note is governed by the Document Protocols set forth in Article Nine of the Loan Agreement, which are incorporated by

reference into this Note as if fully set forth herein.

IN WITNESS WHEREOF, Borrower has executed this Note, or has caused this Note to be executed by its duly authorized representative, on the day and year first above written, with the intention that this Note to take effect as an instrument under seal.

WELLS REIT, LLC - VA I, a Georgia limited liability company

By: Wells Real Estate Investment Trust, Inc.,
a Maryland corporation
Its Sole Manager

By: /s/ Douglas P. Williams

Name: Douglas P. Williams

Title: Executive Vice President

[Affix corporate seal]

EXHIBIT 10.63

AMENDED AND RESTATED LOAN AGREEMENT
RELATING TO THE SOUTHTRUST BANK N.A. $7,900,000 REVOLVING LINE OF CREDIT

AMENDED AND RESTATED LOAN AGREEMENT

THIS AMENDED AND RESTATED LOAN AGREEMENT (this "Loan Agreement") is entered into as of the 15/th/ day of December, 2000, by and between WELLS REIT, LLC -VA I, a Georgia limited liability company ("Borrower"), and SOUTHTRUST BANK, an Alabama banking corporation (as successor by conversion to SouthTrust Bank, National Association, a national banking association) ("Lender").

R e c i t a l s:

Pursuant to a Loan Agreement dated December 29, 1999, between Lender and Borrower (the "Original Loan Agreement"), Lender made available to Borrower a construction loan in the maximum principal amount of $9,280,000.00 (the "Loan"). The proceeds of the Loan have been used by Borrower to construct an office building and related facilities in Chesterfield County, Virginia, as more particularly described in the Original Loan Agreement.

The Project has been completed, and Borrower has requested that Lender convert the Loan into a revolving credit facility in the maximum principal amount of $7,900,000.00 and to make additional changes to the terms of the Original Loan Agreement. Lender, Borrower, and Guarantor (as defined in the Original Loan Agreement) wish to amend and restate the Original Loan Agreement to effect such changes, it being understood that the Loan heretofore made by Lender to Borrower under the Original Loan Agreement shall continue to remain outstanding and that this Loan Agreement is an amendment and restatement of the Original Loan Agreement, which shall remain in full force and effect as amended and restated in its entirety herein.

NOW, THEREFORE, in consideration of the premises and of the mutual covenants, agreements, and warranties hereinafter set forth and of the sum of Ten Dollars ($10.00) in hand paid by each party hereto to the other, Borrower and Lender agree that the Original Loan Agreement is hereby amended, supplemented, and restated in its entirety as follows:

ARTICLE ONE - DEFINITIONS OF GENERAL APPLICATION

In addition to any other terms that are defined in this Loan Agreement, the following terms shall have the following meanings unless the context hereof otherwise indicates:

"ABB" shall mean ABB Power Generation, Inc., and its successors and permitted assigns under the terms of the ABB Lease.

"ABB Lease" shall mean the Lease dated June 1, 1999, by and between Borrower, as lessor, and ABB, as lessee, pertaining to the Project, together with all amendments thereto, including that certain First Amendment dated July 21, 1999, and that certain Second Amendment dated October 19, 1999, and all renewals and extensions thereof, and all work letter agreements, improvements agreements, and other agreements with ABB, all default letters or notices, estoppel letters, rental adjustment notices, escalations notices, and other correspondence in regard thereto, and all credit reports and accounting records in regard thereto.

"Acquiring Person" shall mean a "person" or "group of persons" within the meaning of Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended, but shall not

include any such person or group of persons who buy shares pursuant to an offering filed with the Securities Exchange Commission.

"Advance" shall mean any advance of the Revolving Loan made by Lender pursuant to the terms of this Loan Agreement.

"Advance Request" shall mean a written request for an Advance made by Borrower to Lender pursuant to Section 2.3 hereof.

"Affiliate" shall mean, as to any Person, any other Person (i) who directly or indirectly controls, is controlled by, or is under common control with such Person, (ii) who is a director, officer, manager, partner, member, shareholder, employee, or employer of such Person, or (iii) who is a member of the immediate family of such Person. "Control," as used in this definition, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ownership of voting securities, by contract or otherwise, including the power to elect a majority of the directors or trustees of a corporation or trust, as the case might be.

"Assignment" shall mean the Assignment of Leases and Rents dated as of December 29, 1999 with respect to the Project executed by Borrower for the benefit of Lender, as amended by the Security Documents Amendment and as the same might hereafter be modified, extended, renewed, supplemented, or restated pursuant to the applicable provisions thereof.

"Authorized Representative" shall mean the Person or Persons designated as such in the Disbursement Authorization executed by Borrower. If more than one Person is designated as an Authorized Representative, then the provisions of this Loan Agreement relating to the Authorized Representative shall apply to each such Person individually, and not jointly with any or all other Persons designated as the Authorized Representative.

"Borrower" shall mean Wells REIT, LLC - VA I, a Georgia limited liability company, and its successors and permitted assigns under the terms of this Loan Agreement.

"Borrower Party" shall mean each of Borrower, any manager or member of Borrower, and Guarantor, and "Borrower Parties" shall mean all of such Persons collectively.

"Business Day" shall have the meaning assigned to such term in the Revolving Note.

"Change in Control" shall mean the earliest to occur of (i) the date on which Wells REIT ceases for any reason whatsoever to be the sole general partner of Borrower, or (ii) the date on which Wells REIT shall cease for any reason to be the holder of 90% of the voting interest of Borrower or to own at least 90% of the equity, profits, or other limited partnership interests in, or any other securities or ownership interests) of, Borrower, or (c) the date on which any Acquiring Person becomes (by acquisition, consolidation, merger or otherwise), directly or indirectly, the beneficial owner of more than 20% of the total voting equity capital (or of any other securities or ownership interest) of Wells REIT then outstanding, or (d) the replacement

(other than solely by reason of retirement at age sixty-five or older, death, or disability) of more than fifty percent (50%) (or such lesser percentage as is required for decision-making by the board of directors or an equivalent governing body) of the members of the board of directors or an equivalent governing body of Wells REIT over a one-year period from the directors who constituted such board of directors at the beginning of such period and such replacement shall not have been approved by a vote of at least a majority of the board of directors of Wells REIT then still in office who either were members of such board of directors at the beginning of such one-year period or whose election as members of the board of directors was previously so approved.

"Closing Date" shall mean the date of this Loan Agreement, as set forth in the preamble hereto.

"Collateral" shall mean all real and personal property now or hereafter encumbered by the Security Documents, including all after-acquired property and all other collateral from time to time given by Borrower or any other person to secure the Obligations.

"Commitment Amount" shall mean $7,900,000.00.

"Commitment Period" shall mean the period beginning on the Closing Date and ending on the date that is sixty (60) days before the Maturity Date (as defined in the Revolving Note).

"Default" shall mean the occurrence of any event or circumstance that, but for only the giving of any notice by Lender or the passage of any cure period (or both) required under the terms of this Loan Agreement or any other Loan Document, would constitute an Event of Default.

"Default Rate" shall have the meaning assigned to such term in the Revolving Note.

"Event of Default" shall have the meaning assigned to such term in Article VI hereof.

"GAAP" shall mean general accepted accounting principles, consistently applied.

"Governmental Authority" shall mean any court, board, agency, commission, office, or authority of any nature whatsoever for any governmental or quasi-governmental unit (federal, state, county, district, municipal, city, or otherwise), whether now or hereafter in existence.

"Guarantor" shall mean the endorsers, guarantors, and sureties of the Obligations (or any portion thereof) individually and collectively. As of the Closing Date, the only Guarantor is Wells REIT.

"Guaranty Agreements" shall mean each agreement or instrument at any time executed by Guarantor for the benefit of Lender with respect to the Obligations, as the same might be amended, renewed, restated, replaced, or consolidated.

"Improvements" shall mean the buildings, structures (surface and subsurface), and other improvements and fixtures now or

hereafter situated on or attached to any portion of the Land, which Improvements include an office building containing approximately 99,322 gross leaseable square feet, together with related amenities and improvements thereon.

"Land" shall mean the parcel(s) or tract(s) of land lying and being in Chesterfield County, Virginia, more particularly described in the Security Instrument.

"Leases" shall mean all existing and future leases (including the ABB Lease), subleases, rental agreements, and other occupancy agreements, whether oral or written and whether or not of record, for the use or occupancy of any portion of the Project, together with all amendments to, and renewals and extensions of, said leases, subleases, rental agreements, and other occupancy agreements, all guaranties with respect thereto, all work letter agreements, improvements agreements, and other agreements with Tenants, all default letters or notices, estoppel letters, rental adjustment notices, escalations notices, and other correspondence in regard thereto, and all credit reports and accounting records in regard thereto.

"Legal Requirement" or "Legal Requirements" shall mean, as the case might be, any one or more of all present and future laws, codes, ordinances, orders, judgments, decrees, injunctions, rules, regulations, and requirements, even if unforseen or extraordinary, of every duly constituted Governmental Authority or agency (but excluding those which by their terms are not applicable to and do not impose any obligation on Borrower or the Project), including, without limitation, the requirements and conditions of any Permits and all covenants, restrictions, and conditions now or hereafter of record that might be applicable to Borrower or the Project or to the use, manner of use, occupancy, possession, operation, maintenance, alteration, repair, or reconstruction of the Project, even if compliance therewith (i) necessitates structural changes or improvements (including changes required to comply with the Americans with Disabilities Act and regulations promulgated thereunder) or results in interference with the use or enjoyment of the Project or (ii) requires Borrower to carry insurance other than as required by the provisions of this Loan Agreement, the Leases, and the Loan Documents.

"Loan Account" shall mean the depositary account established by Borrower with Lender.

"Loan Agreement" shall mean this Loan Agreement, as from time to time amended, modified, supplemented, or restated pursuant to the applicable provisions hereof.

"Loan Documents" shall mean collectively this Loan Agreement, the Revolving Note, the Security Documents, the Guaranty Agreements, and any and all other documents now or hereafter executed by Borrower, Guarantor, or any other Person which evidences, relates to, is executed in connection with, or secures the Revolving Loan.

"Management Agreement" shall mean any management agreement for the Project hereafter approved in writing by Lender pursuant to the applicable provisions of the Loan Documents.

"Manager" shall mean any manager which shall manage the

Project pursuant to the Management Agreement, or any replacement manager of the Project hereafter approved in writing by Lender in accordance with the applicable provisions of the Loan Documents.

"Material Adverse Effect" shall mean, with respect to any circumstance, act, condition, or event of whatever nature (including any adverse determination in any litigation, arbitration, or governmental investigation or proceeding), whether singly or in conjunction with any other event or events, act or acts, condition or conditions, or circumstance or circumstances, whether or not related, a material adverse change in or a materially adverse effect upon any of (i) the business, operations, property, or condition (financial or otherwise) of any Borrower Party, (ii) the present or future ability of any Borrower Party to perform the Obligations for which it is liable, (iii) the validity, priority, perfection or enforceability of this Loan Agreement or any other Loan Document or the rights or remedies of the Lender under any Loan Document, or (iv) the value of, or the Lender's ability to have recourse against, any Collateral.

"Obligations" shall mean the aggregate of all principal and interest owing from time to time under the Revolving Note and all expenses, charges, and other amounts from time to time owing under the Revolving Note, this Loan Agreement, or any of the other Loan Documents, and all covenants, agreements, and other obligations from time to time owing to, or for the benefit of, Lender pursuant to the Revolving Note, this Loan Agreement, and the other Loan Documents.

"Obligor" and "Obligors" shall mean Borrower, any general partner of Borrower, and Guarantor, separately and collectively.

"Officer's Certificate" shall mean a certificate in the form of Exhibit A attached hereto executed by the chief executive officer or executive vice president of the Person on whose behalf such certificate is being executed (or, if applicable, the chief executive officer of the general partner or manager of such Person).

"Permits" shall mean all licenses, permits, certificates, approvals, authorizations, and registrations required by or obtained from any governmental or quasi-governmental authority used or useful in connection with the ownership, rental, operation, use, or occupancy of the Project, including, without limitation, business licenses, zoning approvals and variances, food and beverage service licenses, licenses to conduct business.

"Permitted Encumbrances" shall mean collectively (i) liens at any time existing in favor of Lender, (ii) the matters affecting title to the Land described in title insurance commitment issued in favor of Lender in connection with the execution and delivery of this Loan Agreement, provided that such matters are accepted by Lender in writing in Lender's discretion, (iii) statutory liens incurred in the ordinary course of business for the purchase of labor, services, materials, equipment, or supplies, or with respect to workmen's compensation, unemployment insurance, or other forms of governmental insurance or benefits, which are not delinquent or are paid or bonded and removed of record in a manner satisfactory to Lender, (iv) the ABB Lease, and (v) liens for real property taxes, assessments, or governmental charges or levies for the current year, the payment

of which is not delinquent.

"Person" shall mean any individual, corporation, partnership, joint venture, association, trust, unincorporated organization, and any government or any agency or political subdivision thereof.

"Project" shall mean the Land and the Improvements collectively.

"Rent Roll" shall mean each rent roll for the Property delivered by Borrower pursuant to this Loan Agreement, each of which shall show (i) a description (by rentable square feet and location or unit number) of the lease space; (ii) the name of the current Tenant; (iii) the commencement and expiration dates of the original Lease and any renewal terms thereof; (iv) the rents during the term thereof; (v) all rents prepaid by Tenant; (vi) all concessions, allowances, credits, and abatements to which the Tenant is entitled; (vii) the security deposit given by Tenant and interest accrued thereon; and (viii) the identification of any security given to secure Tenant's obligations including, without limitation, the identity of any guarantor of the Lease. Each such Rent Roll shall also provide (x) a statement of occupancy levels and delinquent rents and (ii) a statement that no portion of the Improvements are subject to any governmental assistance programs, housing assistance payment contracts, so-called "Section 8" contracts, or any other low-income housing laws, rules, regulations, programs, or rulings, or any governmental or quasi-governmental low-income housing programs.

"Revolving Loan" shall mean the revolving loan facility established by Lender in favor of Borrower pursuant to Section 2 hereof.

"Revolving Note" shall mean the Amended and Restated Revolving Note of even date herewith evidencing Borrower's promise to repay the Revolving Loan with interest thereon, as the same might hereafter be amended, extended, renewed, replaced, supplemented, restated, or consolidated pursuant to the applicable provisions thereof.

"Security Documents" shall mean collectively the Security Instrument, the Assignment, and any and all other documents, instruments, or financing statements heretofore or hereafter executed by Borrower, Guarantor, or any other Person for the benefit of Lender as security for all or any part of the Obligations.

"Security Documents Amendment" shall mean the First Amendment to Credit Line Deed of Trust and Security Agreement dated of even date herewith, between Borrower and Lender.

"Security Instrument" shall mean the Credit Line Deed of Trust and Security Agreement dated as of December 29, 1999, heretofore executed by Borrower for the benefit of Lender with respect to the Project, as amended by the Security Documents Amendment and as the same might hereafter be modified, extended, renewed, supplemented, or restated pursuant to the applicable provisions thereof.

"Senior Management" shall mean (i) the Chief Executive Officer, Chairman of the Board, President, and Chief Operating

Officer of Borrower or Guarantor, and (ii) any other Persons with responsibility for any of the functions typically performed in a corporation by the officers described in clause (i).

"Tenant" shall mean a tenant under any Lease (including the ABB Lease).

"Title Company" shall mean the issuer of the mortgagee's policy of title insurance with respect to the Revolving Loan, as approved by Lender in its discretion.

"Wells REIT" shall mean Wells Real Estate Investment Trust, Inc., a Maryland corporation.

ARTICLE TWO - DISBURSEMENT OF THE REVOLVING LOAN

2.1. Revolving Loan Facility. Subject to all terms and conditions set forth in this Loan Agreement, Lender agrees to lend to Borrower from time to time during the Commitment Period, upon receipt of an Advance Request from Borrower in accordance with the procedures set forth in Section 2.3 below, such principal sums as might be requested by Borrower for the purposes permitted in this Loan Agreement up to a maximum principal amount at any time outstanding equal to the Commitment Amount, provided that (i) in all events no Default or Event of Default shall have occurred and be continuing and (ii) the outstanding Advances shall not at any time exceed the Commitment Amount. Within the aforesaid limit, Borrower may borrow, make payments, and reborrow under this Loan Agreement, subject to the provisions hereof. Each request for an Advance hereunder shall constitute a representation and warranty by Borrower that all conditions set forth in Article Three hereof have been satisfied on the date of such request.

2.2 Overadvances. If notwithstanding the provisions of Section 2.1 above the aggregate amount of Advances outstanding under the Revolving Loan at any time exceeds the Commitment Amount (an "Overadvance"), Borrower shall immediately pay Lender an amount equal to the Overadvance as a payment on the principal amount of the Revolving Loan. The provision of this Section may be enforced by Lender at any time and, as well as the other provisions hereof, may not under any circumstance be waived or altered by a course of dealing or otherwise, insofar as Borrower may request and Lender may be willing in its sole and absolute discretion to make Overadvances. All Overadvances shall be payable on demand, shall be secured by the Collateral, and shall bear interest at the rate provided in the Revolving Note. Lender may in its sole discretion honor any Advance Request (or deemed Advance Request) under the Revolving Loan even though an Overadvance then exists or would exist with the making of such Advance, and without regard to the existence of, and without waiving, any Default or Event of Default.

2.3. Procedures for Advances. Whenever Borrower desires an Advance, Borrower shall give Lender prior written or telecopied notice (or telephonic notice promptly confirmed in writing or by telecopy) of its request for such Advance (a "Advance Request"). Any such Advance Request must be given not less than five (5) Business Days prior to the date that Borrower desires the Advance to be made. Each Advance Request shall be irrevocable and shall specify the principal amount of the Advance and the date of the Advance (which shall be a Business Day). Each Advance shall be accompanied by an Officer's Certificate certifying that (i) Borrower has complied with and is in compliance with all terms, covenants, and conditions of this Loan Agreement and the other Loan Documents, (ii) no Default or Event of Default exists or, if such is not the

case, that one or more specified Defaults or Events of Default have occurred, and (iii) the representations and warranties contained in this Loan Agreement are true with the same effect as though made on the date of such Officer's Certificate. Each Advance shall be made at the main office of Lender in Birmingham, Alabama (or such other place as Lender may designate) and shall be made no more frequently that once each month. All Advances shall be disbursed to Borrower by depositing the same into the Loan Account.

2.4. Title Updates and Recording Taxes. Prior to any Advance, Lender may require an endorsement to the title insurance policy insuring the lien of the Security Instrument that extends the effective date of such policy to the date of the Advance with no additional exceptions added to such policy. In addition, Lender shall be entitled to deduct and withhold from any Advance an amount equal to any documentary stamps, intangibles tax, or other recording taxes due and payable with respect to such Advance.

2.5. Security for the Revolving Loan. The Revolving Loan shall be secured by, and entitled to the benefits of, the Security Documents, the Guaranty Agreement, and the other Loan Documents.

2.6. Interest Rate and Repayment Term. Borrower's obligation to repay the Revolving Loan shall be evidenced by the Revolving Note. Interest shall accrue on the principal amount outstanding under the Revolving Note from time to time at the rate or rates provided in the Revolving Note. The principal of, and accrued interest on, the Revolving Loan shall be repaid by Borrower in accordance with the provisions of the Revolving Note.

2.7. Maximum Rate. Regardless of any provision contained in this Loan Agreement or any of the Loan Documents, in no event shall the aggregate of all amounts that are contracted for, charged, or collected pursuant to the terms of this Loan Agreement, the Revolving Note, or any of the Loan Documents and that are deemed interest under applicable law exceed the maximum rate permitted by applicable law (the "Maximum Rate"). No provision of this Loan Agreement or in any of the Loan Documents or the exercise by Lender of any right hereunder or under any Loan Document or the prepayment by Borrower of any of the Obligations or the occurrence of any contingency whatsoever, shall entitle Lender to charge or receive, or to require Borrower to pay, interest or any amounts deemed interest by applicable law (such amounts being referred to herein collectively as "Interest") in excess of the Maximum Rate, and all provisions hereof or in any Loan Document which may purport to require Borrower to pay Interest exceeding the Maximum Rate shall be without binding force or effect to the extent only of the excess of Interest over such Maximum Rate. Any Interest charged or received in excess of the Maximum Rate ("Excess"), shall be conclusively presumed to be the result of an accident and bona fide error, and shall, to the extent received by Lender, at the option of Lender, either be applied to reduce the principal amount of the Obligations or returned to Borrower. All monies paid to Lender hereunder or under any of the Loan Documents shall be subject to any rebate of unearned interest as and to the extent required by Legal Requirements. By the execution of this Loan Agreement, Borrower covenants that (i) the credit or return of any Excess shall constitute the acceptance by Borrower of such Excess, and (ii) Borrower shall not seek or pursue any other remedy, legal or equitable, against Lender, based in whole or in part upon contracting for, charging, or receiving any Excess, provided that such Excess has been refunded or credited to the benefit of Borrower. For the purpose of determining whether or not any Excess has been contracted for, charged, or received by Lender, all Interest at any time contracted for, charged, or received from Borrower in connection with this Loan Agreement shall, to the extent permitted by applicable law, be amortized, prorated, allocated, and spread in equal parts throughout the full term of the Obligations. Borrower and Lender shall, to the maximum extent permitted under applicable law, (i) characterize any non-

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principal payment as an expense, fee, or premium rather than as Interest and (ii) exclude voluntary prepayments and the effects thereof. The provisions of this Section shall be deemed to be incorporated into the Revolving Note and each Loan Document (whether or not any provision of this Section is referred to therein).

2.8 Advance Fee. Concurrently with the making of any Advance by Lender to Borrower, Borrower shall pay to Lender a fee in the amount equal to 0.125% of the Advance amount (each an "Advance Fee"). Each Advance Fee (i) shall be deemed fully earned at the time the Advance is made and (ii) shall not be subject to refund or rebate under any circumstance whatsoever. The Advance Fee is intended to compensate Lender for the costs associated with the administration, processing, and closing of each Advance, including, but not limited to, administrative and general overhead, but not including any out-of-pocket or other expenses for which Borrower has agreed to reimburse Lender pursuant to any other provisions of this Loan Agreement or any of the Loan Documents.

ARTICLE THREE - CONDITIONS TO LENDING

3.1. General Conditions Precedent. The obligation of Lender under this Loan Agreement, and to make the initial Advance hereunder, are subject to the satisfaction of the following conditions precedent:

3.1.1. Execution, delivery, and, when appropriate, recording or filing of this Loan Agreement, the Revolving Note, and the Security Documents Amendment, all in form and content satisfactory to Lender;

3.1.2. Receipt by Lender of an Advance Request with respect to the initial Advance;

3.1.3. Payment or reimbursement by Borrower of (i) the Advance Fee, and (ii) all expenses incurred by or due to Lender with respect to the Revolving Loan, this Loan Agreement, the Revolving Note, the other Loan Documents, and the Project, including, but not limited to, commitment fees, tax service monitoring fees, fees and taxes on the Security Documents (including intangibles taxes and documentary stamp taxes), title insurance premiums, and fees and expenses of Lender's counsel;

3.1.4. Receipt by Lender of copies of the organizational documents for each Obligor (excluding any Obligor who is a natural Person), together with evidence that each such Obligor is qualified, registered, and in good standing the in the state of its organization or formation and in the state where the Project is located (or evidence satisfactory to Lender and its counsel that such qualification and registration is not legally required under Legal Requirements), and certified resolutions of the governing body of each such Obligor authorizing the Revolving Loan, the execution and delivery of the Loan Documents, and the consummation or undertaking of all Obligations;

3.1.5. Receipt by Lender, without any cost or expense to Lender, such endorsements to Lender's title insurance policy, hazard insurance endorsements or certificates and other similar materials as Lender may deem necessary, all in form and substance reasonably satisfactory to Lender, including, without limitation, an endorsement or endorsements to Lender's title insurance policy insuring the lien of the Mortgage, extending the effective date

of such policy to the date of execution and delivery (or, if later, the recording) of the Security Documents Amendment with no additional exceptions added to such policy and insuring that fee simple title to the Project is vested in Borrower, or, in lieu thereof, such other documents or evidence as Lender may reasonably require in order to confirm that such policy is unaffected by the transfer;

3.1.6. Receipt by Lender of a certificate from the design architect for the Improvements that states that the construction of the Improvements has been substantially completed in a good and workmanlike manner and in accordance with the plans and specifications approved by Lender (including, without limitation, the furnishing and fixturing of the Improvements and all clearing, landscaping, lighting, and paving of the Land) and in compliance with Legal Requirements, and addressing such other details concerning construction of the Improvements as Lender shall request;

3.1.7. Receipt by Lender of a current as-built survey showing the location of all the Improvements prepared in accordance with Lender's standard guidelines, which includes the certification of the surveyor that the Improvements have been constructed within the established building and property lines and in compliance with any restrictions of records or ordinances relating to the location thereof;

3.1.8. Receipt by Lender of unconditional, final certificates of occupancy for the Improvements, any required approval by the Board of Fire Underwriters or its equivalent acting in and for the locality in which the Project is situated, and any other approval required by the appropriate Governmental Authority to the extent that any such approval is a condition to the lawful use and occupancy of the Improvements and opening the same to the public;

3.1.9. Receipt by Lender of a duly sworn and executed affidavit from the general contractor for the Project, in form and substance acceptable to Lender and to Title Company, stating that all amounts due to contractors, subcontractors, laborers, materialmen, and all others supplying labor or materials to or performing work on the Improvements have been paid in full and which affidavit shall be legally sufficient to dissolve all statutory and common law, existing and inchoate liens and claims of liens against the Project;

3.1.10. Confirmation that ABB has accepted its demised premises in the Improvements and that ABB's obligation to pay fixed rent under the ABB Lease has commenced without reduction, setoff, or abatement;

3.1.11. Receipt by Lender's counsel of an opinion of counsel for Obligors in form and substance satisfactory to Lender's counsel; and

3.1.12. Receipt by Lender of such additional legal opinions, certificates, proceedings, instruments, and other documents as Lender or its counsel may reasonably request to evidence (i) compliance by Borrower with Legal Requirements, (ii) the truth and accuracy, as of the date of this Loan Agreement, of the representations and warranties of Borrower contained herein, and (iii) the due performance or satisfaction by Borrower, at or

prior to the date hereof, of all agreements required to be performed and all conditions required to be satisfied by Borrower pursuant hereto.

3.2. Conditions Precedent to Subsequent Advances. At the time of (and after giving effect to) the making of any Advance, the following conditions shall have been satisfied or shall exist:

3.2.1. No Default or Event of Default then exists;

3.2.2. All representations and warranties of Borrower contained in this Loan Agreement or in the other Loan Documents (other than those representations and warranties which are, by their terms, expressly limited to the date made or given) shall be true and correct in all material respects

with the same effect as those such representations and warranties had been made on and as of the date of such advance;

3.2.3. No action or proceeding has been instituted or is pending before any court or other Governmental Authority or, to the knowledge of Borrower threatened, (i) which reasonably could be expected to have a materially adverse effect on Borrower or the intended or actual use, occupancy, or operation of the Project;

3.2.4. The Advance to be made and the use thereof shall not contravene, violate, or conflict with, or involve Lender in any violation of, any Legal Requirement;

3.2.5. No casualty or condemnation has occurred with respect to the Project which, in Lender's determination, might result in the termination of the Lease or the abatement of rent thereunder; and

3.2.6. No default, or event which with the giving of notice of passage of time or both would constitute a default, exists under the Lease, and no material adverse change has occurred in the financial condition or business operations of ABB.

ARTICLE FOUR - REPRESENTATIONS AND WARRANTIES

4.1 Representations and Warranties Regarding Borrower Parties. Borrower represents and warrants to Lender that:

4.1.1 Due Organization and Qualification. Borrower is a limited liability company duly organized, validly existing, and in good standing under the laws of the state of its formation as set forth in the heading of this Loan Agreement and is qualified to transact business and is in good standing in the state in which the Project is located and in each other jurisdiction where the failure to be so qualified and to be in good standing would adversely affect the conduct of its business or the validity of, the enforceability of, or the ability of Borrower to perform, the Obligations.

4.1.2 Power and Authority. Borrower has the requisite power

and authority to (i) to own the Project and to carry on its business as now conducted and as contemplated to be conducted in connection with the performance of the Obligations hereunder and under the other Loan Documents and (ii) to execute and deliver this Loan Agreement and the other Loan Documents, to incur and perform the Obligations, and to carry out the transactions contemplated by this Loan Agreement and the other Loan Documents.

4.1.3 Due Authorization. The execution, delivery, and performance of this Loan Agreement and the other Loan Documents have been duly authorized by all necessary action and proceedings by or on behalf of Borrower, and no further approvals or filings of any kind, including any approval of or filing with any Governmental Authority, are required by or on behalf of Borrower as a condition to the valid execution, delivery, and performance by Borrower of this Loan Agreement and the other Loan Documents.

4.1.4 Enforceability. This Loan Agreement and each of the other Loan Documents have been duly authorized, executed, and delivered by Borrower and constitute the legal, valid, and binding obligation of Borrower, enforceable against Borrower in accordance with their respective terms, except

as such enforceability may be affected by applicable conservatorship, bankruptcy, insolvency, reorganization, moratorium, or similar laws affecting the enforcement of creditors' rights generally. This Loan Agreement and the other Loan Documents are not subject to any right of rescission, set-off, counterclaim, or defense by Borrower, including the defense of usury, and Borrower has not asserted any right of rescission, set-off, counterclaim, or defense with respect thereto.

4.1.5 No Conflicts. Neither the execution and delivery of this Loan Agreement and the other Loan Documents, nor the fulfillment of or compliance with the terms and conditions of this Loan Agreement and the other Loan Documents, nor the performance of the Obligations (i) conflicts with or result in (or will conflict with or result in) any breach or violation of any Legal Requirement enacted or issued by any Governmental Authority or other agency having jurisdiction over Borrower or the Project, or any judgment or order applicable to Borrower, or to which Borrower or the Project is subject; (ii) conflicts with or result in (or will conflict with or result in) any material breach or violation of, or constitute a default under, any of the terms, conditions, or provisions of Borrower's organizational documents, any indenture, existing agreement, or other instrument to which Borrower is a party, or to which Borrower or the Project is subject; (iii) results in or requires (or will result in or require) the creation of any lien on all or the Project, except for the Permitted Encumbrances; or (iv) requires (or will require) the consent or approval of any creditor of Borrower, any Governmental Authority, or any other Person except such consents or approvals that have already been obtained.

4.1.6 Pending Litigation or other Proceedings. There is no pending or, to the best knowledge of Borrower, threatened action, suit, proceeding, or investigation, at law or in equity, before any court, board, body, or official of any Governmental Authority or arbitrator against or affecting the Project or any other portion of the Collateral or other assets of Borrower, which, if decided adversely to Borrower, would have, or may reasonably be expected to have, a Material Adverse Effect. Borrower is not in default with

respect to any order of any Governmental Authority.

4.1.7 Solvency. Borrower is not insolvent and will not be rendered insolvent by the transactions contemplated by this Loan Agreement or the other Loan Documents, and after giving effect to such transactions, Borrower will not be left with an unreasonably small amount of capital with which to engage in its business or undertakings, nor will Borrower have incurred, have intended to incur, or believe that it has incurred, debts beyond its ability to pay such debts as they mature. Borrower did not receive less than a reasonably equivalent value in exchange for incurrence of the Obligations. There (i) is no contemplated, pending or, to the best of Borrower's knowledge, threatened bankruptcy, reorganization, receivership, insolvency, or like proceeding, whether voluntary or involuntary, affecting any Borrower Party or the Project and (ii) has been no assertion or exercise of jurisdiction over any Borrower Party or the Project by any court empowered to exercise bankruptcy powers.

4.1.8 No Contractual Defaults. There are no defaults by Borrower or, to the knowledge of Borrower, by any other Person under any contract to which Borrower is a party relating to the Project, including any management, rental, service, supply, security, maintenance, or similar contract, other than defaults which do not permit the non-defaulting party to terminate the contract and which do not have, and are not reasonably be expected to have, a Material Adverse Effect. Neither Borrower nor, to the knowledge of Borrower, any other Person, has received notice or has any knowledge of any existing circumstances in respect of which it could receive any notice of default or breach in respect of any contracts affecting or concerning the Project.

4.1.9 Compliance with the Loan Documents. Borrower is in compliance with all provisions of the Loan Documents to which it is a party or by which it is bound. The representations and warranties made by Borrower in the Loan Documents are true, complete and correct and do not contain any untrue statement of material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

4.1.10 Non-Foreign Person. Borrower is not a "foreign person" within the meaning of (S) 1445(f)(3) of the Internal Revenue Code.

4.1.11 ERISA. Neither Borrower nor Wells REIT has established and is a party to an "employee benefit plan" within the meaning of Section 3(3) of Employee Retirement Income Security Act of 1974, as amended from time to time ("ERISA"), or any other option or deferred compensation plan or contract for the benefit of its employees or officers, pension, profit sharing or retirement plan, redemption agreement, or any other agreement or arrangement with any officer, director or owner, members of their families, or trusts for their benefit, and the assets of Borrower do not and shall not constitute "plan assets" of one more such plans for purposes of ERISA.

4.1.12 Ownership. The ownership of all interests in Borrower have been accurately disclosed to Lender in writing. Except for warrants that have been issued to some of the directors of Wells REIT,

there are no outstanding warrants, options, or rights to purchase any ownership interests of Borrower, nor does any Person have a lien upon any of the ownership interests of Borrower.

4.1.13 Investment Company Act. Borrower is not (i) an "investment company" or a company "controlled" by an "investment company," within the meaning of the Investment Company Act of 1940, as amended, (ii) a "holding company" or a "subsidiary company" of a "holding company" or an "affiliate" of either a "holding company" or a "subsidiary company" within the meaning of the Public Utility Holding Company Act of 1935, as amended, or (iii) subject to any other federal or state law or regulation that purports to restrict or regulate its ability to borrow money.

4.1.14 Financial Information. The financial projections relating to Borrower and delivered to the Lender on or prior to the date hereof, if any, were prepared on the basis of assumptions believed by Borrower, in good faith at the time of preparation, to be reasonable, and Borrower is not aware of any fact or information that would lead it to believe that such assumptions are incorrect or misleading in any material respect; provided, however, that no representation or warranty is made that any result set forth in such financial projections shall be achieved. The financial statements of Borrower and any Rent Roll for the Project which have been furnished to Lender are complete and accurate in all material respects and present fairly the financial condition of Borrower and the leasing status of the Project, and there are no liabilities, direct or indirect, fixed or contingent, as of the respective dates of such financial statements which are not reflected therein or in the notes thereto or in a written certificate delivered with such statements. The financial statements of Borrower have been prepared in accordance with GAAP. Since the date of the most recent of such financial statements, no event has occurred which would have, or may reasonably be expected to have, a Material Adverse Effect, and there has not been any material transaction entered into by Borrower other than transactions in the ordinary course of business. Borrower has filed all federal, state, and local tax returns that are required to be filed and has paid, or made adequate provision for the payment of, all taxes that have or may become due pursuant to such returns or to assessments received by Borrower.

4.1.15 Accuracy of Information. No information, statement, or report furnished in writing to Lender by Borrower in connection with this Loan Agreement or any other Loan Document, or in connection with the consummation of the transactions contemplated hereby and thereby, contains any material misstatement of fact or omits to state a material fact necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading.

4.1.16 No Conflicts of Interest. To the best knowledge of Borrower, no officer, agent, or employee of Lender has been or is in any manner interested, directly or indirectly, in that Person's own name, or in the name of any other Person, in the Loan Documents, Borrower, or the Project, in any contract for property or materials to be furnished or used in connection with the Project, or in any aspect of the transactions contemplated by the Loan Documents.

4.1.17 No Reliance. Borrower acknowledges, represents, and warrants that it understands the nature and structure of the

transactions contemplated by this Loan Agreement and the other Loan Documents, that it is familiar with the provisions of all of the documents and instruments relating to such transactions, that it understands the risks inherent in such transactions, including the risk of loss of the Collateral or a part thereof, and that it has not relied on Lender for any guidance or expertise in analyzing the financial or other consequences of the transactions contemplated by this Loan Agreement or any other Loan Document or otherwise relied on Lender in any manner in connection with interpreting, entering into, or otherwise in connection with this Loan Agreement, any other Loan Document, or any of the matters contemplated hereby or thereby.

4.1.18 Contracts with Affiliates. Except as otherwise approved in writing by Lender, Borrower has not entered into and is not a party to any contract, lease, or other agreement with any Affiliate of Borrower for the provision of any service, materials, or supplies to the Project (including any contract, lease, or agreement for the provision of property management services (other than the Management Agreement), cable television services or equipment, gas, electric or other utilities, security services or equipment, laundry services or equipment or telephone services or equipment).

4.1.19 Lines of Business. Borrower is not engaged in any businesses other than the acquisition, ownership, development, construction, leasing, financing, or management of commercial properties, and the conduct of these businesses does not violate the organizational documents pursuant to which it is formed.

4.2 Representations and Warranties Regarding the Project. Borrower represents and warrants to Lender that, as of the Closing Date with respect to the Project as of the Closing Date:

4.2.1 Title. Borrower has good, valid, marketable, and indefeasible title to the Land, free and clear of all liens whatsoever except the Permitted Encumbrances. The Security Instrument, if and when properly recorded in the appropriate records, together with any Uniform Commercial Code financing statements required to be filed in connection therewith, will create a valid, perfected first lien on the Collateral intended to be encumbered thereby (including the Leases and the rents and all rights to collect rents under such Leases), subject only to Permitted Encumbrances. Except for any Permitted Encumbrances, there are no lens or claims for work, labor, or materials affecting the Land that are or may be prior to, subordinate to, or of equal priority with, the liens created by the Loan Documents. The Permitted Encumbrances do not have, and may not reasonably be expected to have, a Material Adverse Effect.

4.2.2 Impositions. Borrower has filed all property and similar tax returns required to have been filed by it with respect to the Project and has paid and discharged, or caused to be paid and discharged, all installments for the payment of all taxes due to date, and all other material Impositions imposed against, affecting, or relating to the Project other than those which have not become due, together with any fine, penalty, interest, or cost for nonpayment pursuant to such returns or pursuant to any assessment received by it. Borrower has no knowledge of any new proposed tax, levy, or other governmental or private assessment or charge in respect of the Project which has not been disclosed in writing to Lender .

4.2.3 Zoning. The Project complies in all material respects with all Legal Requirements. Without limiting the foregoing, all material Permits, including certificates of occupancy, have been issued and are in full force and effect. Neither Borrower nor, to the knowledge of Borrower, any former owner of the Project, has received any written notification or threat of any actions or proceedings regarding the noncompliance or nonconformity of the Project with any Legal Requirements, nor is Borrower otherwise aware of any such pending actions or proceedings.

4.2.4 Leases. No Leases are in effect with respect to the Project other than the ABB Lease. The ABB Lease is in full force and effect, has not been modified, altered, or amended, and constitutes the complete agreement among the parties named therein with respect to the subject matter thereof. No default, event of default, or event that, but for the giving of notice or the passage of time (or both), would constitute a default or event of default under the ABB Lease has occurred or is continuing, except as disclosed to Lender in writing.

4.2.5 Status of Landlord under Leases. Except for any assignment of leases and rents which is a Permitted Encumbrance or which is to be released in connection with the consummation of the transactions contemplated by this Loan Agreement, Borrower is the owner and holder of the landlord's interest under each of the Leases, and there are no prior outstanding assignments of any such Lease, or any portion of the rents, additional rents, charges, issues or profits due and payable or to become due and payable thereunder.

4.2.6 Enforceability of Leases. Each Lease constitutes the legal, valid, and binding obligation of Borrower and, to the knowledge of Borrower, of each of the other parties thereto, enforceable in accordance with its terms, subject only to bankruptcy, insolvency, reorganization or other similar laws relating to creditors' rights generally, and equitable principles, and except as disclosed in writing to Lender, no notice of any default by Borrower which remains uncured has been sent by any tenant under any such Lease, other than defaults which do not have, and are not reasonably expected to have, a Material Adverse Effect on the Project.

4.2.7 No Lease Options. All premises demised to Tenants under Leases are occupied by such Tenants as tenants only. Except as otherwise provided in the Leases, no Lease contains any option or right to purchase, right of first refusal, or any other similar provisions. No option or right to purchase, right of first refusal, purchase contract, or similar right exists with respect to the Project, except as set forth in the Lease.

4.2.8 Insurance. Borrower has delivered to Lender true and correct certified copies of all insurance policies currently in effect with respect to the Project. Each such insurance policy complies in all material respects with the requirements set forth in the Loan Documents.

4.2.9 Tax Parcels. The Project is on one or more separate tax parcels, and each such parcel (or parcels) is (or are) separate and apart from any other property.

4.2.11 Encroachments. Except as disclosed on the survey delivered to Lender with respect to the Project, none of the Improvements encroaches upon the property of any other Person or upon any easement encumbering the Project nor lies outside of the boundaries and building restriction lines of the Project, and no improvement located on property adjoining the Project lies within the boundaries of or in any way encroaches upon the Project.

4.2.12 Independent Unit. Except for Permitted Encumbrances or as disclosed in the title insurance policy or survey for the Project delivered to Lender, the Project is an independent unit that does not rely on any drainage, sewer, access, parking, structural, or other facilities located on any property not included in either the Project or on public or utility easements for the (i) fulfillment of any zoning, building code, or other requirement of any Governmental Authority that has jurisdiction over the Project, (ii) structural support, or (iii) the fulfillment of the requirements of any Lease or other agreement affecting such Project. Borrower, directly or indirectly, has the right to use all amenities, easements, public or private utilities, parking, access routes, or other items necessary or currently used for the operation of the Project. All public utilities are installed and operating at the Project, and all billed installation and connection charges have been paid in full. The Project is either (x) contiguous to or (y) benefits from an irrevocable unsubordinated easement permitting access from the Project to a physically open, dedicated public street, and has all necessary permits for ingress and egress and is adequately serviced by public water, sewer systems, and utilities. No building or other improvement not located on the Project relies on any part of the Project to fulfill any zoning requirements, building code, or other requirement of any Governmental Authority that has jurisdiction over the Project for structural support or to furnish to such building or improvement any essential building systems or utilities.

4.2.13 Condition of the Project. Except as disclosed in any third party report delivered to Lender or otherwise disclosed in writing by Borrower to Lender prior to the Closing Date, the Project is in good condition, order, and repair, there exist no structural or other material defects in the Project (whether patent or, to the best knowledge of Borrower, latent or otherwise), and Borrower has not received notice from any insurance company or bonding company of any defects or inadequacies in the Project, or any part of it, which would adversely affect the insurability of the Project or cause the imposition of extraordinary premiums or charges for insurance, or of any termination or threatened termination of any policy of insurance or bond. No claims have been made against any contractor, architect, or other party with respect to the condition of the Project or the existence of any structural or other material defect therein. The Project has not been materially damaged by casualty which has not been fully repaired or for which insurance proceeds have not been received or are not expected to be received except as previously disclosed in writing to Lender. No proceedings are pending or, to the best of Borrower's knowledge, threatened to acquire by power of condemnation or eminent domain any portion of the Project, or any interest therein, or to enjoin or similarly prevent the use of the Project.

4.3 Continuing Effectiveness. Borrower acknowledges and agrees that Lender has materially relied upon the representations and warranties set forth in this Article. All representations and warranties contained herein shall continue in effect at all times while any Obligations remain outstanding and shall be incorporated by reference in each Request submitted by Borrower, unless Borrower specifically notifies Lender of any change therein.

ARTICLE FIVE - COVENANTS

5.1 Covenants Pertaining To Borrower Generally. Borrower covenants and agrees that, from the date of this Loan Agreement and so long as the Obligations remain outstanding, Borrower shall comply with, perform, and observe at all times the following covenants:

5.1.1 Maintain Existence. Borrower shall maintain its existence as a limited liability company in good standing under the laws of the state of its formation. Each Borrower Party shall continue to be duly qualified to do business in each jurisdiction in which such qualification is necessary to the conduct of its business and where the failure to be so qualified would adversely affect the validity of, the enforceability of, or the ability to perform, its obligations under this Loan Agreement or any other Loan Document and its qualification to conduct business in the state in which the Project is located. Borrower shall permit no amendment or modification of, in any material respect, the organizational documents of Borrower without obtaining the prior written consent of Lender, which consent shall not be unreasonably withheld or delayed. Borrower shall not dissolve or liquidate in whole or in part, or merge or consolidate with any Person. Borrower shall not change the location of its chief executive office without first giving Lender at least thirty (30) days prior written notice thereof and promptly providing Lender such information as Lender may request in connection therewith.

5.1.2 Operation and Separateness. Borrower (i) shall not own any asset or property other than the Property and incidental personal property necessary for the ownership or operation of the Property; (ii) shall not engage in any business other than the ownership, management, leasing, and operation of the Property, and Borrower shall conduct and operate its business as presently conducted and operated; (iii) shall not enter into any contract or agreement with any Affiliate except upon terms and conditions that are intrinsically fair and substantially similar to those that would be available on an arms-length basis with third parties other than such Affiliate; (iv) shall not make any loans or advances to any third party (including any Affiliate) and shall not acquire obligations or securities of an Affiliate; (v) shall remain solvent and Borrower shall pay its debts and liabilities (including, as applicable, shared personnel and overhead expenses) from its assets as the same shall become due; (vi) shall maintain books, records, financial statements and bank accounts as official records and separate from those of its Affiliates and any other Person, and Borrower shall file its own tax returns; (vii) shall at all times hold itself out to the public as a legal entity separate and distinct from any other Person (including any Affiliate), and shall conduct business in its own name and shall maintain and utilize separate stationery, invoices, and checks; (viii) shall correct any known misunderstanding regarding its status as a separate entity and shall not identify itself as a division or part of any Affiliates or any other Affiliate as a division or part of Borrower; (ix) shall maintain adequate capital for the normal obligations reasonably foreseeable in a business of its size and character and in light of its contemplated business operations; (x) shall not seek or effect, nor permit any other Person to seek or effect, the liquidation, dissolution, winding up, consolidation, or merger, in whole or in part, of Borrower; (xi) shall not commingle the funds and other assets of Borrower with those of any Affiliate or any other Person and shall

not maintain its assets in such a manner that it would be costly or difficult to segregate, ascertain, or identify its individual assets from those of any Affiliate or any other Person; (xii) shall not hold itself out to be responsible for the debts or obligations of any other Person; (xiii) shall maintain its assets in such a manner that it shall not be costly or difficult to segregate, ascertain, or identify its individual assets from those of any Affiliate or any other Person.

5.1.3 Books and Records. Borrower shall keep and maintain at all times complete and accurate books of accounts and records in sufficient detail to correctly reflect all of Borrower's financial transactions and assets and the results of the operation of the Project, which books and records shall reflect the consistent application of accepted accounting methods, and copies of all written contracts, Leases and other instruments which affect the Project (including all bills, invoices and contracts for electrical service, gas service, water and sewer service, waste management service, telephone service and management services). Borrower shall make such books and records available at reasonable times for inspection and copying by Lender or its agent. Borrower shall not change its methods of accounting without the prior written consent of Lender.

5.1.4 Reports and Notices. Borrower shall promptly inform Lender in writing of any of the following (and shall deliver to the Lender copies of any related written communications, complaints, orders, judgments and other documents relating to the following) of which Borrower has actual knowledge: (a) The occurrence of any Default or Event of Default under this Loan Agreement or any other Loan Document; (b) the commencement or threat of, or amendment to, any proceedings by or against Borrower in any federal, state, or local court or before any Governmental Authority, or before any arbitrator, which, if adversely determined, would have, or at the time of determination may reasonably be expected to have, a Material Adverse Effect; (c) the commencement or threat of any condemnation or similar proceedings with respect to the Project or of any proceeding seeking to enjoin the intended use of the Project or any portion thereof; (d) the occurrence of any material change in Legal Requirements; (e) the commencement of any proceedings by or against Borrower under any applicable bankruptcy, reorganization, liquidation, insolvency, or other similar law now or hereafter in effect or of any proceeding in which a receiver, liquidator, trustee, or other similar official is sought to be appointed for it; (f) the receipt of notice from any Governmental Authority having jurisdiction over Borrower that (i) Borrower is being placed under regulatory supervision, (ii) any license, Permit, charter, membership, or registration material to the conduct of Borrower's business or the Project is to be suspended or revoked, or (iii) Borrower is to cease and desist any practice, procedure, or policy employed by Borrower, as the case may be, in the conduct of its business, and such cessation would have, or may reasonably be expected to have, a Material Adverse Effect; and (g) the occurrence of any act, omission, change, or event which has a Material Adverse Effect.

5.1.5 Future Financial and Operating Statements. Borrower shall furnish or cause to be furnish to Lender within the time periods specified, the following financial reports and information:

(a) Annual Financial Statements. As soon as available, and in any event within ninety (90) days after the close of its fiscal year, the audited consolidated balance sheet of Wells REIT and Borrower as of the end of such fiscal year, the audited consolidated statement of income, equity and retained earnings of Wells REIT and Borrower for

such fiscal year, and the audited consolidated statement of cash flows of Wells REIT and Borrower for such fiscal year, all in reasonable detail and stating in comparative form the respective figures for the corresponding date and period in the prior fiscal year, prepared in accordance with GAAP, consistently applied, and accompanied by a certificate of Wells REIT's independent certified public accountants to the effect that such financial statements have been prepared in accordance with GAAP, consistently applied, and that such financial statements fairly present the results of its operations and financial condition for the periods and dates indicated, with such certification to be free of exceptions and qualifications as to the scope of the audit or as to the going concern nature of the business.

(b) Quarterly Financial Statements. As soon as avail-able, and in any event within forty-five (45) days after each of the first three fiscal quarters of each fiscal year, the unaudited consolidated balance sheet of Wells REIT and Borrower as of the end of such fiscal quarter, the unaudited consolidated statement of income and retained earnings of Wells REIT and Borrower, and the unaudited consolidated statement of cash flows of Wells REIT and Borrower for the portion of the fiscal year ended with the last day of such quarter, all in reasonable detail and stating in comparative form the respective figures for the corresponding date and period in the previous fiscal year, accompanied by a certificate of the Chief Financial

Officer of Wells REIT to the effect that such financial statements have been prepared in accordance with GAAP, consistently applied, and that such financial statements fairly present the results of its operations and financial condition for the periods and dates indicated subject to year end adjustments in accordance with GAAP.

(c) Quarterly Project Statements. As soon as available, and in any event within forty-five (45) days after the first three fiscal quarters of each fiscal year, an Operating Statement and Rent Roll for the Project accompanied by a certificate of the Chief Financial Officer of Wells REIT to the effect that each such Operating Statement and Rent Roll fairly, accurately, and completely present the operations and leasing status of the Project for, or as of the end of, the period indicated (provided that no Rent Roll shall be required for the Project which is leased entirely under a single Lease).

(d) Annual Project Statements. As soon as available and in any event within forty-five (45) days of the end of its fiscal year, an annual Operating Statement for the Project accompanied by a certificate of the Chief Financial Officer of Wells REIT to the effect that each such Operating Statement fairly, accurately, and completely presents the operations of the Project for the period indicated.

(e) Security Law Reporting Information. So long as Wells REIT is a reporting company under the Securities and Exchange Act of 1934, promptly upon becoming available, (i) copies of all financial statements, reports, and proxy statements sent or made available generally by Wells REIT or Borrower, or any of their Affiliates, to their respective security holders, (ii) all regular and periodic reports and all registration statements (other than the exhibits thereto and any registration statements on Form S-8 or a similar form) and prospectuses, if any, filed by Wells REIT or Borrower, or any of their Affiliates, with the Securities and Exchange Commission or other Governmental Authorities, and (iii) all press releases and other

statements made available generally by Wells REIT or Borrower, or any of their Affiliates, to the public concerning material developments in the business of Wells REIT or other party.

(f) Accountants' Reports. Promptly upon receipt thereof, copies of any reports or management letters submitted to Wells REIT or Borrower by their independent certified public accountants in connection with the examination of its financial statements made by such accountants (except for reports otherwise provided pursuant to subsection (a) above); provided, however, that Borrower shall only be required to deliver such reports and management letters to the extent that they relate to Wells REIT, Borrower, or the Project.

(g) Tenant Information. As soon as available, all financial reports and statements furnished by tenants to Borrower pursuant to the Leases.

(h) Additional Information. Such additional financial information (including tax returns, detailed cash flow information, and contingent liability information) of Borrower at such times as Lender shall deem necessary.

Borrower shall furnished to Lender with each quarterly and annual financial statements an Officer's Certificate certifying that (x) Borrower has complied with and is in compliance with all terms, covenants and conditions of this Loan Agreement, (y) no Default or Event of Default exists or, if such is not the case, that one or more specified Defaults or Events of Default have occurred, and (z) the representations and warranties contained in this Loan Agreement are true with the same effect as though made on the date of such certificate.

5.1.6 Security Deposit Information. Upon the Lender's request, Borrower shall furnish an accounting of all security deposits held in connection with any Lease of any part of the Project, including the name and identification number of the accounts in which such security deposits are held, the name and address of the financial institutions in which such security deposits are held and the name and telephone number of the person to contact at such financial institution, along with any authority or release necessary for the Lender to access information regarding such accounts.

5.1.7 Changes in Accounting. Borrower shall not change its methods of accounting, unless such change is permitted by GAAP, and provided such change does not have the effect of curing or preventing what would otherwise be a Default or an Event of Default had such change not taken place.

5.1.8 Taxes and Insurance. Borrower shall pay promptly when due and before the accrual of penalties thereon all taxes, including all real and personal property taxes and assessments levied or assessed against Borrower or the Project (or any portion thereof), and provide Lender with receipted bills therefor if requested by Lender. Borrower shall acquire and maintain in effect all insurance policies required by the Security Documents, the Leases, and Legal Requirements.

5.1.9 ERISA. Borrower shall engage in no transaction which would

cause any obligation, or action taken or to be taken, hereunder (or the exercise by Lender of any of its rights under this Loan Agreement or any of the other Loan Documents) to be a non-exempt (under a statutory or administrative class exemption) prohibited transaction under the ERISA. Borrower shall deliver to Lender such certifications or other evidence from time to time, as requested by Lender in its sole discretion, that the representations and warranties of Borrower contained in Section 4.1.11 above are true and correct.

5.1.10 Comply with Other Loan Documents. Borrower shall perform all its obligations under the Revolving Note, the Security Documents, and all other Loan Documents.

5.2.11 Other Acts. At Lender's request, Borrower shall execute and deliver to Lender all further documents and perform all other acts that Lender reasonably deems necessary or appropriate to perfect or protect its security for the Obligations.

5.2 Covenants Relating to the Project. Borrower further covenants and agrees that, so long as the Obligations remain outstanding, Borrower shall comply with, perform, and observe at all times the following covenants with respect to the Project:

5.2.1 Inspection Rights and Promotion. Borrower shall permit, and require Manager to permit, Persons designated by Lender to visit and inspect the Project, to examine and make excerpts from the books and records of Borrower and Manager, and to discuss the business affairs, finances, and accounts of Borrower, Manager, and the Project with representatives of Borrower and Manager, as designated by Lender, all in such detail and at such times as Lender may reasonably request.

5.2.2 Zoning Changes. Borrower shall not initiate or consent to any zoning reclassification of the Project or seek any variance under any zoning ordinance or use or permit the use of the Project in any manner that could result in the use becoming a nonconforming use under any zoning ordinance or any other applicable land use law, rule, or regulation.

5.2.3 Legal Requirements. Borrower shall comply with all Legal Requirements in all respects. Borrower shall procure and continuously maintain in full force and effect, and shall abide by and satisfy all material terms and conditions of, all Permits. Without limiting the generality of the foregoing covenant, Borrower specifically agrees that the Project shall at all times strictly comply, to the extent applicable, with the requirements of the Americans with Disabilities Act of 1990, all state and local laws and ordinances related to handicapped access and all rules, regulations, and orders issued pursuant thereto including, without limitation, the Americans with Disabilities Act Accessibility Guidelines for Buildings and Facilities (collectively "Access Laws"). Notwithstanding any provisions set forth herein or in any other document regarding Lender's approval of alterations of the Project, Borrower shall not alter or permit the Project to be altered in any manner which would increase Borrower's responsibilities for compliance with the applicable Access Laws without the prior written approval of Lender. Lender may condition any such approval upon receipt of a certificate of Access Law compliance from an architect, engineer, or other person acceptable to Lender. Borrower agrees to give prompt notice to Lender of the receipt by Borrower of any complaints related to violation of any Access Laws and of the commencement of any

proceedings or investigations which relate to compliance with applicable Access Laws.

5.2.4 Appraisals. Borrower shall permit Lender and its agents, employees, or independent contractors, at any time (but not more often than once in any calendar year so long as no Event of Default has occurred), while the Obligations remain outstanding, to enter upon and appraise the Project, and Borrower shall cooperate with and provide any information requested in connection with such appraisal. Borrower shall pay the costs of any such appraisal (i) if an Event of Default has occurred and is continuing or (ii) if such appraisal is required by external regulatory authorities having jurisdiction over Lender.

5.2.5 Conduct of Business. Borrower shall cause the operation of the Project to be conducted at all times in a manner consistent with the level of operation of the Project as of the date hereof. Without limiting the foregoing, Borrower shall (i) operate the Project in a prudent manner in compliance with Legal Requirements, (ii) maintain sufficient equipment and supplies of types and quantities at the Project to enable Borrower or Manager adequately to perform the operation of the Project and Borrower's obligations under the Leases, and (iii) keep all Improvements in good repair, working order and condition, reasonable wear and tear excepted, and from time to time make all needed and proper repairs, renewals, replacements, additions, and improvements thereto to keep the same in good condition.

5.2.6 Leases. Borrower (i) shall observe and perform all the obligations imposed upon Borrower under the ABB Lease and shall not do or permit to be done anything to impair the value of the ABB Lease or any guaranty of the ABB Lease, if any, as a security for the Obligations, (ii) shall promptly send copies to Lender of all notices of default which Borrower shall send or receive under the ABB Lease, and (iii) shall enforce all of the terms, covenants, and conditions contained in the ABB Lease upon the part of Tenant thereunder to be observed or performed (other than any enforcement action with respect to which Lender's prior written consent

is required below). Without the prior written consent of Lender, Borrower (aa) shall not alter, modify, or change the terms of the ABB Lease in any material respect, or cancel or terminate the ABB Lease or accept a surrender thereof, convey or transfer or suffer or permit a conveyance or transfer of the premises demised by the ABB Lease or of any interest therein so as to effect a merger of the estates and rights of, or termination or diminution of the obligations of the ABB thereunder, (bb) shall not consent to, reject, approve or disapprove any action or inaction requested by the ABB under the ABB Lease, including, without limitation any assignment of or subletting under the ABB Lease (provided, however, that Lender's consent to a subletting or assignment shall not be required if such subletting or assignment is in accordance with the terms of the ABB Lease), and (cc) shall not pursue any remedies under the ABB Lease.

5.2.7 Management Agreement. Borrower shall maintain the Management Agreement in full force and effect and duly observe, perform, and comply with all of Borrower's obligations thereunder and enforce performance of all obligations of Manager thereunder. Borrower shall promptly notify Lender of any dispute, default, event of default, or repudiation by Manager under the Management Agreement. Borrower shall not enter into any management agreement for the Project other than the Management Agreement, unless Borrower first notifies Lender and provides Lender a copy of the proposed management agreement, obtains Lender's written consent thereto and

obtains and provides Lender with a subordination agreement in form satisfactory to Lender from such manager subordinating to all rights of Lender. Borrower shall not enter into, terminate, amend, modify, or extend the Management Agreement, or consent to any such action on the part of Manager, without the prior written consent of Lender, which consent shall not be unreasonably withheld.

5.2.8 Ownership of Personalty. Borrower shall furnish to Lender, if Lender so requests, the contracts, bills of sale, receipted vouchers, and agreements, or any of them, under which Borrower claims title to the materials, articles, fixtures, and other personal property used or to be used in the construction or operation of the Improvements.

ARTICLE SIX - PROHIBITION ON TRANSFERS OF COLLATERAL

6.1 General Prohibition. Borrower acknowledges that Lender has examined and relied on the experience of Borrower and the owners of the beneficial interest in Borrower and Borrower's constituent entities in owning and operating the Project in agreeing to make the Loan, and that Lender will continue to rely on Borrower's ownership of the Project as a means of maintaining the value of the Collateral as security for repayment of the Obligations. Borrower acknowledges that Lender has a valid interest in maintaining the value of the Project so as to ensure that, should Borrower default in the repayment of the Obligations, Lender can recover all or a portion of the Obligations by a sale of the Collateral. Except as expressly provided herein, Lender may, at Lender's option, declare all the Obligations immediately due and payable, and Lender may invoke any rights and remedies permitted by this Loan Agreement and the other Loan Documents, in the event that Borrower, without the prior written consent of Lender, which consent may not be unreasonably withheld by Lender after consideration of all relevant factors, sells, conveys, alienates, mortgages, encumbers, pledges, or otherwise transfers the Collateral or any part thereof or any interest therein, or permits the Collateral or any part thereof or any interest therein to be sold, conveyed, alienated, mortgaged, encumbered, pledged or otherwise transferred (collectively, a "Transfer").

6.2 Transactions Included. A Transfer within the meaning of Section 6.1 shall be deemed to include, without limitation, (i) an installment sales agreement wherein Borrower agrees to sell the Collateral or any part thereof

for a price to be paid in installments; (ii) an agreement by Borrower leasing all or a substantial part of the Project for other than actual occupancy by a space lessee thereunder or a sale, assignment or other transfer of, or the grant of a security interest in, Borrower's right, title and interest in and to the Leases or any rents therefrom; (iii) any divestiture of Borrower's title to the Collateral or any interest therein in any manner or way, whether voluntary or involuntary, or any merger, consolidation, dissolution or syndication affecting Borrower; (iv) if Borrower or any general partner of Borrower is a corporation, the voluntary or involuntary sale, conveyance, or transfer of any of such corporation's stock or the creation or issuance of new stock in one or a series of transactions by which an aggregate of more than ten percent (10%) of such corporation's stock shall be vested in an Acquiring Person who is not now a stockholder of such corporation or any change in the control of such corporation directly or indirectly; (v) if Borrower or any general partner of Borrower is a limited or general partnership, joint venture, or limited liability company, the change, removal, resignation, or addition of a general partner, managing partner, limited partner, joint venturer, manager, or member, or the transfer of any partnership interest of any general partner, managing partner, or limited partner, or the transfer of any interest of any joint venturer or member (or the transfer of any interest of any Person directly or indirectly controlling such partner, joint venturer, or member by operation of law or otherwise) to an

Acquiring Person; and (vi) if Borrower or any general partner of Borrower is a business trust, the change, removal, resignation, or addition of a trustee, or the voluntary or involuntary sale, conveyance, or transfer of any beneficial interest.

6.3 Permitted Transfers. Notwithstanding the provisions of Section 6.1 above, the following Transfers are permitted without the consent of Lender:

6.3.1 The Transfer of shares of common stock or other beneficial or ownership interest or other forms of securities in Wells REIT, and the issuance of all varieties of convertible debt, equity and other similar securities of Wells REIT and the subsequent Transfer of such securities, provided that no Change in Control occurs as a result of such Transfer, either upon such Transfer or upon the subsequent conversion to equity or such convertible debt or other securities.

6.3.2 The Transfer of the ownership interests by the members of Borrower, including, without limitation, the conversion or exchange of ownership interests in Borrower to shares of common stock or other beneficial or ownership interests or other forms of securities in Wells REIT, provided that no Change in Control occurs as the result of such Transfer.

6.3.3 The issuance by Borrower of additional ownership units or convertible debt, equity, and other similar securities, and the subsequent Transfer of such units or other securities, provided that no Change in Control occurs as the result of such Transfer, either upon such Transfer or upon the subsequent conversion to equity of such convertible debt or other securities.

6.3.4 A sale or other disposition of obsolete or worn out personal property, provided that such personal property is contemporaneously replaced by comparable personal property of equal or greater value that is free and clear of liens other than the Permitted Encumbrances.

6.3.5 Any Transfer that constitutes a Permitted Encumbrance at the time such Transfer occurs.

6.3.6 The grant of an easement, if prior to the granting of the easement Borrower causes to be submitted to Lender all information required by Lender to evaluate the easement, and if Lender determines that the easement shall not materially affect the operation of the Project or Lender's interest in the Project and Borrower pays to Lender, on demand, all cost and expenses incurred by Lender in connection with reviewing Borrower's request.

6.4 Prohibition Absolute. Lender shall not be required to demonstrate any actual impairment of its security or any increased risk of default hereunder in order to declare the Obligations immediately due and payable upon the occurrence of a Transfer without Lender's prior written consent or as otherwise expressly permitted herein. This provision shall apply to every Transfer regardless of whether voluntary or not, or whether or not Lender has consented to any previous Transfer, except for those expressly allowed herein. Any Transfer made in contravention of this Section shall be null and void and of no force and effect.

ARTICLE SEVEN - EVENTS OF DEFAULT AND REMEDIES

7.1 Events of Default. Each of the following events shall constitute an "Event of Default" under this Loan Agreement, whatever the reason for such event

and whether it shall be voluntary or involuntary, or within or without the control of a Borrower Party, or be effected by operation of law or pursuant to any judgment or order of any court or any order, rule, or regulation of any Governmental Authority:

7.1.1 Borrower fails to pay interest, principal or any other sum due under the terms of this Loan Agreement, the Revolving Note, or any other Loan Document within ten (10) days after such payment is due; or

7.1.2 Any default or event of default (other than those specified elsewhere in this Section) occurs pursuant to and as defined in the Guaranty, the Revolving Note, the Security Documents, or any of the other Loan Documents; or

7.1.3 Borrower assigns or attempts to assign this Loan Agreement, any rights hereunder, or any Advance to be made hereunder to any Person, or if Borrower's interest in or rights under this Loan Agreement are voluntarily or involuntarily transferred to any Person, by operation of law or otherwise, including, without limitation, such transfer by Borrower as debtor-in-possession or by a trustee for Borrower under the United States Bankruptcy Code, whether or not the Obligations are assumed by such Person; or

7.1.4 Any Borrower Party files a voluntary petition in bankruptcy or any Borrower Party is adjudicated as bankrupt or insolvent, or any Borrower Party files any petition or answer seeking or acquiescing in any reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief for such Borrower Party under any present or future federal, state, or other statute, law, or regulation relating to bankruptcy, insolvency, or other relief for debtors, or any Borrower Party seeks or consents to, or acquiesces in, the appointment of any trustee, receiver, or liquidator of such Borrower Party or of all or any substantial part of such Borrower Party's property or of any or all of the rents, revenues, issues, earnings, profits, or income thereof, or any Borrower Party makes any general assignment for the benefit of creditors or admits in writing an inability to pay such Borrower Party's debts generally as they become due; or

7.1.5 A court of competent jurisdiction enters an order, judgment, or decree approving a petition filed against any Borrower Party seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under any present or future federal, state, or other statute, law, or regulation relating to bankruptcy, insolvency, or other relief for debtors, which order, judgment, or decree remains unvacated and unstayed for an aggregate of sixty (60) days (whether or not consecutive) from the date of entry thereof, or any trustee, receiver, or liquidator is appointed for any Borrower Party or of all or any substantial part of such Borrower Party's property or

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of any or all of the rents, revenues, issues, earnings, profits, or income thereof, which appointment remains unvacated and unstayed for an aggregate of sixty (60) days (whether or not consecutive); or

7.1.6 Any certificate, statement, representation, warranty, or audit, whether written or unwritten, heretofore or hereafter furnished by or on behalf of any Borrower Party pursuant to or in connection with this Loan Agreement or otherwise (including, without limitation, representations and warranties contained herein) or as an inducement to Lender to extend any credit to or to enter into this or any other agreement with Borrower proves to have been false in any material respect at the time as of which the facts therein set forth were stated or certified or to have omitted any substantial contingent or unliquidated liability or claim against any Borrower Party, or if on the date of execution of this Loan Agreement any

materially adverse change has occurred in any of the facts previously disclosed by any such certificate, statement, representation, warranty, or audit, and such change was not disclosed to Lender at or prior to the time of the execution of this Loan Agreement; or

7.1.7 A final judgment in an amount equal to or greater by $150,000 is entered by a court of law or equity against any Borrower Party that remains undischarged for a period of thirty (30) days, unless such judgment is either (i) fully covered by collectible insurance and such insurer has within such period acknowledged such coverage in writing, or (ii) although not fully covered by insurance, enforcement of such judgment has been effectively stayed, such judgment is being contested or appealed by appropriate proceedings and such Borrower Party has established reserves adequate for payment in the event such Borrower Party is ultimately unsuccessful in such contest or appeal and evidence thereof is provided to Lender; or

7.1.8 If any provision of this Loan Agreement or any other Loan Document or the lien and security interest purported to be created hereunder or under any Loan Document shall at any time for any reason cease to be valid and binding in accordance with its terms on any Borrower Party, or shall be declared to be null and void, or the validity or enforceability hereof or thereof or the validity or priority of the lien and security interest created hereunder or under any other Loan Document shall be contested by any Borrower Party seeking to establish the invalidity or unenforceability hereof or thereof, or any Borrower Party shall deny that it has any further liability or obligation hereunder or thereunder; or

7.1.9 The failure by any Borrower Party to comply with any requirement of any Governmental Authority within 30 days after written notice of such requirement shall have been given to the Borrower Party by such Governmental Authority; provided that, if action is commenced and diligently pursued by the Borrower Party within such 30 days, then the Borrower Party shall have an additional 30 days to comply with such requirement; or

7.1.10 A dissolution or liquidation for any reason (whether voluntary or involuntary) of any Borrower Party; or

7.1.11 The failure of Wells REIT to be qualified, and be taxed as, a real estate investment trust under Subchapter M of the Internal Revenue Code; or

7.1.12 Borrower fails to properly and timely to perform or observe any other covenant or condition set forth in this Loan Agreement that is not cured within any applicable cure period as set forth herein or, if no cure period is specified therefor, is not cured within thirty (30) days of Lender's notice to Borrower thereof; provided that, if such default is not reasonably susceptible to cure within such thirty (30) days period and Borrower diligently and continuously pursues the cure of such default,

then upon Borrower's written request therefor, Lender shall grant a reasonable extension of such cure period, but not exceeding ninety (90) days; or

7.1.13 If an "Event of Default" occurs under any Lease, which default remains uncured after the giving of any applicable notice or the passage of any applicable cure period, or any Lease is terminated, canceled, repudiated, or rescinded for any reason whatsoever.

7.2 Remedies. Upon the occurrence of an Event of Default, Lender may do any one or more of the following (without presentment, protest or notice of

protest, all of which are expressly waived by the Borrower):

7.2.1 By written notice to the Borrower, to be effective upon dispatch, terminate any obligation Lender might have to make further Advances hereunder and declare the principal of, and interest on, the Advances and all other sums owing by Borrower to Lender under any of the Loan Documents forthwith due and payable, and the principal of, and interest on, the Advances and all other sums owing by Borrower to Lender under any of the Loan Documents will become forthwith due and payable.

7.2.2 Lender shall have the right to pursue any other remedies available to it under any of the Loan Documents.

7.2.3 Lender shall have the right to pursue all remedies available to it at law or in equity, including obtaining specific performance and injunctive relief.

7.3 Waivers; Rescission of Declaration. Lender shall have the right, to be exercised in its complete discretion, to waive any breach hereunder (including the occurrence of an Event of Default), by a writing setting forth the terms, conditions, and extent of such waiver signed by the Lender and delivered to the Borrower Parties. Unless such writing expressly provides to the contrary, any waiver so granted shall extend only to the specific event or occurrence which gave rise to the waiver and not to any other similar event or occurrence which occurs subsequent to the date of such waiver.

7.4 Lender's Right to Protect Collateral and Perform Covenants and Other Obligations. If any Borrower Party fails to perform the covenants and agreements contained in this Loan Agreement or any of the other Loan Documents, then the Lender at the Lender's option may make such appearances, disburse such sums and take such action as the Lender deems necessary, in its sole discretion, to protect the Lender's interest, including (i) disbursement of attorneys' fees, (ii) entry upon the Project to make repairs and replacements, (iii) procurement of satisfactory insurance as provided in the Security Instruments encumbering the Project, and (iv) if the Security Instrument is on a leasehold, exercise of any option to renew or extend the ground lease on behalf of the Borrower and the curing of any default of the Borrower in the terms and conditions of the ground lease. Any amounts disbursed by the Lender pursuant to this Section, with interest thereon, shall become additional indebtedness of the Borrower secured by the Loan Documents. Unless the Borrower and the Lender agree to other terms of payment, such amounts shall be immediately due and payable and shall bear interest from the date of disbursement at the Default Rate unless collection from the Borrower of interest at such rate would be contrary to applicable law, in which event such amounts shall bear interest at the highest rate which may be collected from the Borrower under applicable law. Nothing contained in this Section shall require the Lender to incur any expense or take any action hereunder.

7.5 No Remedy Exclusive. Unless otherwise expressly provided, no remedy herein conferred upon or reserved is intended to be exclusive of any other available remedy, but each remedy shall be cumulative and shall be in addition to other remedies given under the Loan Documents or existing at law or in equity.

7.6 Application of Payments. Except as otherwise expressly provided in the Loan Documents, and unless applicable law provides otherwise, (i) all payments received by Lender from any of the Borrower Parties under the Loan Documents shall be applied by Lender against any amounts then due and payable

under the Loan Documents by any of the Borrower Parties, in any order of priority that the Lender may determine and (ii) the Borrower shall have no right to determine the order of priority or the allocation of any payment it makes to Lender.

7.7 Crossing of Security Documents. Each of the Security Documents shall be cross-defaulted (i.e., a default under any Security Document, or under this Loan Agreement, shall constitute a default under each Security Document and this Loan Agreement) and cross-collateralized (i.e., each Security Instrument shall secure all Obligations under this Loan Agreement and the other Loan Documents), and it is the intent of the parties to this Loan Agreement that the Lender may, except as provided in this Loan Agreement, exercise and perfect any and all of its rights in and under the Loan Documents with regard to the Project without the necessity to exercise and perfect its rights and remedies with respect to any other Project and that any such exercise shall be without regard to the amount of Advances allocable to such Project and that Lender may recover an amount equal to the full amount of the outstanding Obligations in connection with such exercise and any such amount shall be applied as determined by Lender in its sole and absolute discretion.

ARTICLE EIGHT - MISCELLANEOUS PROVISIONS

8.1 Loan Agreement Part of Revolving Note and Other Loan Documents. The Revolving Note and the other Loan Documents specifically incorporate this Loan Agreement by reference, and in the event that the Revolving Note and the other Loan Documents are duly assigned, this Loan Agreement shall be considered assigned in like manner. If a conflict exists or arises between any of the provisions of this Loan Agreement and any other Loan Document, the provisions of this Loan Agreement shall control.

8.2 Indemnification. Borrower shall, at its sole cost and expense, protect, defend, indemnify, release and hold harmless the Indemnified Parties (defined below) from and against any and all claims, suits, liabilities (including, without limitation, strict liabilities), actions, proceedings, obligations, debts, damages, losses, costs, expenses, diminutions in value, fines, penalties, charges, fees, expenses, judgments, awards, amounts paid in settlement, or punitive damages, of whatever kind or nature (including, but not limited to reasonable attorney's fees and other costs of defense) (the "Losses") imposed upon or incurred by or asserted against any Indemnified Party (but excluding (x) Losses arising out of Lender's gross negligence or willful misconduct and (y) Losses arising out of Lender's ownership or operation of the Project after title to such Project is transferred to Lender or another Person following the foreclosure of the applicable Security Instrument or transfer in lieu of foreclosure) and directly or indirectly arising out of or in any way relating to (i) Lender's interest in the Project or Lender's relationship with any Borrower Party by virtue of Lender's ownership of the Loan, the Revolving Note, the Security Documents, or any other Loan Document, (ii) any amendment to, or restructuring of, the Revolving Loan or the Loan Documents; (iii) any and all lawful action that may be taken by Lender in connection with the enforcement of the provisions of this Loan Agreement, the Security Documents, or any of the other Loan Documents, whether or not suit is filed in connection with same, or in connection with Borrower, Guarantor, and/or any member, partner, joint venturer, or shareholder of Borrower becoming a party to a voluntary or involuntary federal or state bankruptcy, insolvency or similar proceeding, (iv) any accident, injury to or death of persons or loss of or damage to property occurring in, on or about the Project or any part thereof or adjacent parking areas, streets or ways, (v) any use, nonuse or condition in, on or about the Project or any part thereof or on the adjoining sidewalks, curbs, adjacent property or adjacent parking areas, streets, or ways, (vi) any failure on the part of Borrower to perform or be in compliance with any of the terms of this Loan Agreement, the Security Documents, or any of the other Loan Documents, (vii) performance of any labor or services or the furnishing of any materials or other property in respect of the Project or any part thereof, (viii) the failure of any person to file timely with the Internal Revenue Service an accurate Form 1099-B, Statement or Recipients of Proceeds from Real Estate, Broker and Barter

Exchange

Transactions, which may be required in connection with the Loan, or to supply copy thereof in a timely fashion to the recipient of the proceeds of the Loan, (ix) any failure of any Project to be in compliance with any Legal Requirement, (x) the enforcement by any Indemnified Party of the provisions of this Section, (xi) the payment of any commission, charge or brokerage fee to anyone which may be payable in connection with the funding of the Loan, or (xii) any misrepresentation made by Borrower in this Loan Agreement or in any of the other Loan Documents. Any amounts payable to Lender by reason of the application of this Section shall become immediately due and payable and shall bear interest at the Default Rate from the date loss or damage is sustained by Lender until paid. For purposes of this Section, the term "Indemnified Parties" shall mean Lender and any Person who is or shall have been involved in the origination or administration of the Loan, any Person in whose name the encumbrance created by the Security Documents is or shall have been recorded, Persons who may hold or acquire or shall have held a full or partial interest in the Revolving Loan(including, but not limited to Investors or prospective investors who hold or have held a full or partial interest in the Revolving Loan for the benefit of third parties) as well as the respective directors, officers, shareholders, members, partners, employees, agents, servants, representatives, contractors, subcontractors, affiliates, subsidiaries, participants, successors and assigns of any other Person who holds or acquires or shall have held a participation or other full or partial interest in the Revolving Loan or any Project, whether during the term of the Revolving Loan or as a part of or following a foreclosure of the Revolving Loan and including, but not limited to any successors by merger, consolidation or acquisition of all or a substantial portion of Lender's assets and business.

8.3 Costs and Expenses. Borrower shall bear all taxes, fees, and expenses (including reasonable fees and expenses of counsel for Lender) in connection with the Loan, the Revolving Note, the preparation and, if applicable, the recordation of this Loan Agreement and the other Loan Documents, and in connection with any amendments, waivers, or consents pursuant to the provisions hereof hereafter made and any workout or restructuring relating to the Loan. If, at any time, an Event of Default occurs or Lender becomes a party to any suit or proceeding in order to protect its interests or priority in the Project or its rights under this Loan Agreement or any of the other Loan Documents, or if Lender is made a party to any suit or proceeding by virtue of the Loan, this Loan Agreement, or the Project and as a result of any of the foregoing, Lender employs counsel to advise or provide other representation with respect to this Loan Agreement, the Project, or to collect the Obligations, or to take any action in or with respect to any suit or proceeding relating to this Loan Agreement, any of the other Loan Documents, the Project, Borrower, or any other Borrower Party, or to protect, collect, or liquidate any of the Collateral, or attempt to enforce any security interest or lien granted to Lender by any of the Loan Documents, then in any such event, all of the attorney's fees arising from such services, including fees on appeal and in any bankruptcy proceedings, and any expenses, costs, and charges relating thereto shall constitute additional obligations of Borrower to Lender payable on demand of Lender. Without limiting the foregoing, Borrower has undertaken the obligation for payment of, and shall pay, all recording and filing fees, revenue or documentary stamps or taxes, intangibles taxes, transfer taxes, recording taxes and other taxes, expenses and charges payable in connection with this Loan Agreement, any of the other Loan Documents, the Obligations, or the filing of any financing statements or other instruments required to effectuate the purposes of this Loan Agreement, and if Borrower fails to do so, Borrower agrees to reimburse Lender for the amounts paid by Lender, together with penalties or interest, if any, incurred by Lender as a result of underpayment or nonpayment. This Section shall survive for eighteen (18) months after repayment of the Obligations.

8.3 Assignability. Neither this Loan Agreement, nor any rights or obligations hereunder, nor any Advance to be made hereunder, is assignable by Borrower. The rights of Lender under this Loan Agreement are assignable in part or wholly and any assignee of Lender shall succeed to and be possessed of the rights of Lender hereunder to the extent of the assignment made, including the right to make Advances to Borrower or any approved assignee of Borrower in accordance with this Loan Agreement.

8.4 Relationship of the Parties. Borrower agrees that its relationship with Lender is solely that of debtor and creditor. Nothing contained in this Loan Agreement or in any other Loan Document shall be deemed to create a partnership, tenancy-in-common, joint tenancy, joint venture, or co-ownership by or between Borrower and Lender, or

make Lender the agent or representative of Borrower. Lender shall not be in any way liable or responsible for any debts, losses, obligations, or duties of Borrower with respect to the Project or otherwise, including, without limitation, any debts, obligations, or duties owed at any time to materialmen, contractors, craftsmen, laborers, or others for goods delivered to or services performed by them in relation to the Project, it being understood that no contractual relationship, either expressed or implied, exists between Lender and any materialmen, subcontractors, craftsmen, laborers, or any other person supplying any work, labor, or materials for the Project. Borrower, at all times consistent with the terms and provisions of this Loan Agreement and the other Loan Documents, shall be free to determine and follow its own policies and practices in the conduct of its business.

8.5 Participation. Borrower acknowledges and agrees that Lender may, at its option, sell participation interests in the Revolving Loan to other participating lenders, provided, however, that Borrower shall continue to be entitled to deal with Lender as though no such participations had been sold. Borrower agrees with all present and future such participants that if an Event of Default occurs, each participant shall have all of the rights and remedies of Lender with respect to any deposit due from any participant to Borrower, including, without limitation, the right to set off such deposits against Borrower's obligations hereunder. The execution by a participant of a participation agreement with Lender and the execution by Borrower of this Loan Agreement, regardless of the order of execution, with a copy to Borrower, shall evidence an agreement between Borrower and such participant in accordance with the terms hereof.

ARTICLE NINE - DOCUMENT PROTOCOLS

This Loan Agreement and each of the other Loan Documents shall be governed by the following protocols (the "Document Protocols"), unless any Loan Document expressly states that the Document Protocols shall not apply to such Loan Document in whole or in part:

9.1 General Rules of Usage. These Document Protocols shall apply to such Loan Document as from time to time amended, modified, replaced, restated, extended or supplemented, including by waiver or consent, and to all attachments thereto and all other documents or instruments incorporated therein. When used in any Loan Document governed by these Document Protocols, (i) references to a Person are, unless the context otherwise requires, also to its heirs, executors, legal representatives, successors, and assigns, as applicable, (ii) "hereof," "herein," "hereunder" and comparable terms refer to the entire Loan Document in which such terms are used and not to any particular article, section, or other subdivision thereof or attachment thereto, (iii) references to any gender include, unless the context otherwise requires, references to all genders, and

references to the singular include, unless the context otherwise requires, references to the plural, and vice versa, (iv) "shall" and "will" have equal force and effect, (v) references in a Loan Document to "Article," "Section," "paragraph" or another subdivision or to an attachment are, unless the context otherwise requires, to an article, section, paragraph, or subdivision of or an attachment to such Loan Document, (vi) all accounting terms not otherwise defined therein have the meanings assigned to them in accordance with GAAP, and (vii) "include," "includes" and "including" shall be deemed to be followed by "without limitation" whether or not they are in fact followed by such words or words of like import.

9.2 Notices. All notices, consents, approvals, statements, requests, reports, demands, instruments or other communications to be made, given or furnished pursuant to, under or by virtue of such Loan Document (a "notice") shall be in writing and shall be deemed given or furnished if addressed to the party intended to receive the same at the address of such party as set forth below (i) upon receipt when personally delivered at such address, (ii) three (3) Business Days after the same is deposited in the United States mail as first class registered or certified mail, return receipt requested, postage prepaid, or (iii) one Business Day after the date of delivery of such notice to a nationwide, reputable commercial courier service:

Lender:	SouthTrust Bank 420 North Twentieth Street SouthTrust Tower - 11th Floor Birmingham, Alabama 35203 Attention: Commercial Real Estate Loan Dept. with copy to (which alone shall not constitute notice): Gary W. Farris, Esq. Burr & Forman LLP One Georgia Center, Suite 1200 600 West Peachtree Street Atlanta, Georgia 30308
Borrower:	Wells REIT, LLC - VA I c/o Wells Real Estate Funds 6200 Corners Parkway Suite 250 Norcross, Georgia 30092 Attention: Leo F. Wells, III
Guarantor:	Wells Real Estate Investment Trust, Inc. 6200 Corners Parkway Suite 250 Norcross, Georgia 30092 Attention: Leo F. Wells, III

Any party may change the address to which any notice is to be delivered to any other address within the United States of America by furnishing written notice of such change at least fifteen (15) days prior to the effective date of such change to the other parties in the manner set forth above, but no such notice of change shall be effective unless and until received by such other parties. Rejection or refusal to accept, or inability to deliver because of changed address or because no notice of changed address was given, shall be deemed to be receipt of any such notice. Any notice to an entity shall be deemed to be given on the date specified in this Section without regard to when such notice is delivered by the entity to the individual to whose attention it is directed and without regard to the fact that proper delivery may be refused by someone other than the individual to whose attention it is directed. If a notice is received

by an entity, the fact that the individual to whose attention it is directed is no longer at such address or associated with such entity shall not affect the effectiveness of such notice. Notices may be given on behalf of any party by such party's attorneys.

9.3 Severability. Whenever possible, each provision of such Loan Document shall be interpreted in such a manner as to be effective and valid under applicable law, but if any provision of such Loan Document shall be prohibited by or invalid or unenforceable under the applicable law of any jurisdiction with respect to any Person or circumstance, such provision shall be ineffective to the extent of such prohibition, invalidity or unenforceability, without invalidating the remaining provisions of such Loan Document or affecting the validity or enforceability of such provisions in any other jurisdiction or with respect to other Persons or circumstances. To the extent permitted by applicable law, the parties to such Loan Document thereby waive any provision of law that renders any provision thereof prohibited, invalid or unenforceable in any respect.

9.4 Remedies Not Exclusive. No remedy therein conferred upon or reserved to Lender is intended to be exclusive of any other remedy or remedies available to Lender under such Loan Document, at law, in equity or by statute, and each and every such remedy shall be cumulative and in addition to every other remedy given thereunder or now or hereafter existing at law, in equity or by statute.

9.5 Liability. If Borrower or Guarantor consists of more than one Person, the obligations and liabilities of each such Person under such Loan Document shall be joint and several, except as expressly provided to the contrary in such Loan Document.

9.6 Binding Obligations; Covenants Run with the Land. Such Loan Document shall be binding upon Borrower or Guarantor, as the case may be, and the successors, assigns, heirs and personal representatives of Borrower or Guarantor, as the case may be, and shall inure to the benefit of Lender and all subsequent holders of such Loan Document and their respective officers, directors, employees, shareholders, agents, successors and assigns. Nothing in such Loan Document, whether express or implied, shall be construed to give any Person (other than the parties thereto and their permitted successors and assigns and as expressly provided therein) any legal or equitable right, remedy or claim under or in respect of such Loan Document or any covenants, conditions or provisions contained therein. If such Loan Document is to be recorded, all of the grants, covenants, terms, provisions, covenants and conditions of such Loan Document shall run with the land.

9.7 No Oral Modifications. Such Loan Document, and any of the provisions thereof, cannot be altered, modified, amended, waived, extended, changed, discharged or terminated orally or by any act on the part of Borrower, Guarantor, or Lender, but only by an agreement in writing signed by the party against whom enforcement of any alteration, modification, amendment, waiver, extension, change, discharge or termination is sought. Without limiting the generality of the foregoing, any payment made by Lender for insurance premiums, impositions or any other charges affecting the Project shall not constitute a waiver of Borrower's or any Guarantor's default in making such payments and shall not obligate Lender to make any further payments.

9.8 Entire Agreement. Such Loan Document, together with the other applicable Loan Documents, constitutes the entire agreement of the parties thereto with respect to the subject matter thereof and supersedes all prior

written and oral agreements and understandings with respect to such subject matter.

9.9 Waiver of Acceptance. Borrower and Guarantor hereby waive any acceptance of such Loan Document by Lender in writing, and such Loan Document shall immediately be binding upon Borrower or Guarantor, as the case may be.

9.10 Jurisdiction, Court Proceedings. Each of Lender, Borrower, and Guarantor, to the fullest extent permitted by law, hereby knowingly, intentionally, and voluntarily, with and upon the advice of competent counsel, (i) submits to personal, nonexclusive jurisdiction in the State of Georgia with respect to any suit, action, or proceeding by any person arising from, relating to, or in connection with such Loan Document or the Loan, (ii) agrees that any such suit, action, or proceeding may be brought in any state or federal court of competent jurisdiction sitting in the State of Georgia, and (iii) submits to the jurisdiction of such courts. Each of Borrower and Guarantor, to the fullest extent permitted by law, hereby knowingly, intentionally, and voluntarily, with and upon the advice of competent counsel, further agrees that it shall not bring any action, suit, or proceeding in any forum other than in the state or federal courts of the State of Georgia (but nothing herein shall affect the right of Lender to bring any action, suit, or proceeding in any other forum), and irrevocably agrees not to assert any objection which it may ever have to the laying of venue of any such suit, action, or proceeding in any federal or state court located in Georgia and any claim that any such action, suit, or proceeding brought in any such court has been brought in an inconvenient forum.

9.11 Waiver of Counterclaim. Borrower and Guarantor each hereby knowingly waives the right to assert any counterclaim, other than a compulsory or mandatory counterclaim, in any action or proceeding brought against either of them by Lender.

9.12 Waiver of Jury Trial. Borrower, Guarantor, and Lender, to the full extent permitted by law, each hereby knowingly, intentionally, and voluntarily, with and upon the advice of competent counsel, waives, relinquishes, and forever forgoes hereby the right to a trial by jury in any action or proceeding, including, without limitation, any tort action, brought by any of them against the other based upon, arising out of, or in any way relating to or in connection with such Loan Document, the Loan, or any course of conduct, act, omission, course of dealing, statements (whether verbal or written) or actions of any Person (including, without limitation, such Person's directors, officers, partners, members, employees, agents or attorneys, or any other Persons affiliated with such Person), in connection with the Revolving Loan or such Loan Document, including, without limitation, in any counterclaim which Borrower or Guarantor may be permitted to assert thereunder or which may be asserted by Lender against Borrower or Guarantor, whether sounding in contract, tort, or otherwise. This waiver by Borrower and Guarantor of their right to a jury trial is a material inducement for Lender to make the Loan.

9.13 No Waivers by Lender. No delay or omission of Lender in exercising any right or power accruing upon any default under such Loan Document shall impair any such right or power or shall be construed to be a waiver of any default under such Loan Document or any acquiescence therein, nor shall any single or partial exercise of any such right or power or any abandonment or discontinuance of steps to enforce such right or power, preclude any other or further exercise thereof or the exercise of any other right or power. Acceptance of any payment after the occurrence of a default under such Loan Document shall not be deemed to waive or cure such default under such Loan

Document; and every power and remedy given by such Loan Document to Lender may be exercised from time to time as often as may be deemed expedient by Lender. Borrower and Guarantor hereby waive any right to require Lender at any time to pursue any remedy in Lender's power whatsoever.

9.14 Waiver of Notice. Neither Borrower nor Guarantor shall be entitled to any notices of any nature whatsoever from Lender except with respect to matters for which such Loan Document specifically and expressly provides for the giving of notice by Lender to Borrower or Guarantor, as the case may be, and except with respect to matters for which Borrower or Guarantor, as the case may be, is not, pursuant to applicable legal requirements, permitted to waive the giving of notice. Each of Borrower and Guarantor hereby expressly waives the right to receive any notice from Lender with respect to any matter for which such Loan Document does not specifically and expressly provide for the giving of notice by Lender to Borrower or Guarantor, as the case may be. Any provision of such Loan Document which expressly provides for the giving of notice by Lender to Borrower or Guarantor shall be deemed eliminated ab initio if Lender is prevented from giving such notice by bankruptcy or other applicable law.

9.15 Offsets, Counterclaims and Defenses. Any assignee of such Loan Document from Lender or any successor or assignee of Lender shall take the same free and clear of all offsets, counterclaims, or defenses that are unrelated to such Loan Document which Borrower or Guarantor may otherwise have against any assignor of such Loan Document, and no such unrelated counterclaim or defense shall be interposed or asserted by Borrower or Guarantor in any action or proceeding brought by any such assignee upon such Loan Document, and any such right to interpose or assert any such unrelated offset, counterclaim or defense in any such action or proceeding is hereby expressly waived by Borrower and Guarantor.

9.16 Time of the Essence. Time shall be of the essence in the performance of all obligations of Borrower and Guarantor under such Loan Document.

9.17 Governing Law. Such Loan Document shall be governed by, and construed in accordance with, the laws of the State of Georgia.

9.18 Sole Discretion of Lender. Wherever pursuant to such Loan Document, Lender exercises any right given to it to approve or disapprove, or any arrangement or term is to be satisfactory to Lender, the decision of Lender to approve or disapprove or to decide that arrangements or terms are satisfactory or not satisfactory shall be in the sole discretion of Lender exercised in subjective good faith and shall be final and conclusive, except as may be otherwise specifically provided therein. In addition, Lender shall have the right to refuse to grant its consent, approval or acceptance or to indicate its satisfaction whenever such consent, approval, acceptance or satisfaction shall be required under such Loan Document, subject to the applicable standard of discretion.

9.19 Counterparts. Such Loan Document may be executed in any number of separate counterparts, each of which, when so executed and delivered, shall be deemed an original, but all of which, collectively and separately, shall constitute one and the same Loan Document. All signatures need not be on the same counterpart. The failure of any party thereto to execute such Loan Document, or any counterpart hereof, shall not relieve the other signatories from their obligations hereunder.

9.20 Exhibits Incorporated; Headings. The information set forth on the cover of such Loan Document, the table of contents, the headings, and the exhibits annexed thereto, if any, shall be deemed to be incorporated therein as a part thereof with the same effect as if set forth in the body thereof. The headings and captions of the various articles, sections, and paragraphs of such Loan Document are for convenience of reference only and shall not be construed as modifying, defining, or limiting, in any way, the scope or intent of the provisions thereof.

9.21 Interpretation. No provision of such Loan Document shall be construed against or interpreted to the disadvantage of any party thereto by any court or other governmental or judicial authority by reason of such party's having or being deemed to have structured or dictated such provision.

9.22 Remedies of Borrower and Guarantor. If Borrower or Guarantor, as the case may be, shall seek the approval or consent of Lender under such Loan Document, which Loan Document expressly provides that Lender's approval shall not be unreasonably withheld, and Lender shall fail or refuse to give such consent or approval, the burden of proof as to whether or not Lender acted unreasonably shall be upon Borrower or Guarantor, as the case may be, provided Lender has given Borrower a written explanation for the disapproval or lack of consent.

9.23 Release of any Party or Collateral. Lender may at any time, without releasing or impairing the liability of any Person liable upon or in respect of such Loan Document, release, surrender, substitute, or exchange any Collateral securing this Revolving Note and may at any time release any other Person primarily or secondarily liable for the Obligations.

9.24 Attorneys' Fees. Wherever it is provided in such Loan Document that Borrower or Guarantor pay any costs and expenses, such costs and expenses shall include, without limitation, all reasonable attorneys', paralegal and law clerk fees and disbursements, including, without limitation, fees and disbursements at the pre-trial, trial and appellate levels, which are actually incurred or paid by Lender at standard billable rates; provided that the foregoing reference to "reasonable" fees and disbursements (and any other such references in such Loan Document) shall be deemed to include only such fees and disbursement actually incurred at normal billing rates.

9.25 Method of Payment. All amounts required to be paid by any party to such Loan Document to any other party shall be paid in such freely transferable coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts.

9.26 True Copy. By executing such Loan Document, Borrower or Guarantor, as the case may be, acknowledges that it has received a true copy of such Loan Document.

[THE REMAINDER OF THIS PAGE WAS LEFT BLANK INTENTIONALLY]

IN WITNESS WHEREOF, Borrower and Lender have caused this Loan Agreement to be executed by their duly authorized representatives under seal as of the date first set forth above, with the intention that this instrument take effect as an instrument under seal.

WELLS REIT, LLC - VA I,
a Georgia limited liability company

By: Wells Real Estate Investment Trust, Inc.,
a Maryland corporation
Its Sole Manager

By: /s/ Douglas P. Williams

Name: Douglas P. Williams

Title: Executive Vice President

[Affix corporate seal]

[EXECUTIONS CONTINUED ON NEXT PAGE]

SOUTHTRUST BANK, an Alabama banking corporation, successor by conversion to SouthTrust Bank, National Association, a national banking association

By: /s/ James R. Potter

Name: James R. Potter
Title: Vice President

[END OF EXECUTIONS]

Birmingham, Alabama 35203
Attn: Commercial Real Estate Department

Date of Certificate:

The undersigned, as ____ of Wells Real Estate Investment Trust, Inc., a Maryland corporation ("Wells REIT"), as the sole manager of Wells REIT, LLC - VA I, a Georgia limited liability company ("Borrower"), does hereby certify to you as follows:

(1) We have reviewed the provisions of the Amended and Restated Revolving Loan Agreement between Borrower and you, dated as of _________________________,

2000 (the "Loan Agreement"), and we have caused to be made under our supervision a review of the activities of Borrower during the above-referenced period with a view toward determining whether Borrower has kept, observed, performed, and fulfilled all of its obligations under the Loan Agreement. Capitalized terms used herein but not otherwise defined herein shall have the meanings set forth in the Loan Agreement.

(2) To the best of our knowledge, Borrower has kept, observed, performed, and fulfilled each and every undertaking contained in the Loan Agreement and is not at this time in default in the observance or performance of any of the terms or conditions of the Loan Agreement, and no Default or Event of Default has occurred and is continuing, except as follows:

(3) We further certify to you that no material adverse change has occurred in the financial condition or the business of Borrower or Wells REIT since the date of the Loan Agreement and that all representations and warranties set forth within the Loan Agreement are true and complete as of the date hereof.

Executed this ____ day of _________________, 20___.

____
Name:__________________________________
Title:_________________________________

EXHIBIT 10.64

CREDIT LINE DEED OF TRUST AND SECURITY AGREEMENT
TO SOUTHTRUST BANK N.A.
RELATING TO THE ALSTOM POWER RICHMOND BUILDING

CREDIT LINE DEED OF TRUST AND SECURITY AGREEMENT

Wells REIT, LLC - VA I
(Grantor for indexing purposes)

to

Barry L. Musselman, as Trustee

For the Benefit of

SouthTrust Bank, National Association
(Grantee for indexing purposes)

Dated: December 29/th/, 1999

This instrument was prepared by
the attorney described below in
consultation with counsel in the
State in which the Mortgaged Property
is located and, when recorded, the recorded
counterparts should be returned to:

Burr & Forman LLP
One Georgia Center - Suite 1200
600 West Peachtree Street
Atlanta, Georgia 30308
Attention: Gary W. Farris, Esq.

Virginia Counsel:

Robert E. Glenn, IV
Holland & Knight LLP
3110 Fairview Park Drive
Suite 900
Falls Church, Virginia 22042

THIS IS A CREDIT LINE DEED OF TRUST. THE MAXIMUM AGGREGATE PRINCIPAL AMOUNT THAT MAY BE SECURED HEREBY SHALL NOT EXCEED $9,280,000.00. THE FINAL PAYMENT DATE OF THE INDEBTEDNESS SECURED HEREBY IS JULY 10, 2002.

Credit Line Deed Of Trust and Security Agreement

THIS CREDIT LINE DEED OF TRUST AND SECURITY AGREEMENT (this "Security Instrument") is entered into on this 29/th/ day of December, 1999, by and between WELLS REIT, LLC - VA I, a Georgia limited liability company, as grantor and debtor, whose address is c/o Wells Real Estate Funds, 6200 Corners Parkway, Suite 250, Norcross, Georgia 30092 (hereinafter referred to as "Borrower" and as "Grantor" for indexing purposes), in favor of BARRY L. MUSSELMAN, a resident of the Commonwealth of Virginia, whose address is c/o SouthTrust Bank, National

Association, 951 East Byrd Street, East Tower, Suite 610, Richmond, Virginia 23219 (hereinafter referred to as "Trustee," said term referring always to the named Trustee and his successors in trust), for the use and benefit of SOUTHTRUST BANK, NATIONAL ASSOCIATION, a national banking association ("Grantee" for indexing purposes), whose address is P.O. Box 2554, Attention: Commercial Real Estate, Birmingham, Alabama 35290 (hereinafter referred to as "Lender," said term referring always to the lawful owner and holder of the Secured Obligations (as herein defined)).

W i t n e s s e t h:

Borrower and Lender have entered into a Loan Agreement of even date herewith (as the same might hereafter be extended, renewed, modified, consolidated, substituted, replaced, or restated pursuant to the applicable provisions thereof, the "Loan Agreement") pursuant to which Lender has agreed to make a loan to Borrower in the principal sum of Nine Million Two Hundred Eighty Thousand and No/100 Dollars ($9,280,000.00) in lawful money of the United States of America (the "Loan"), which Loan will be evidenced by a Promissory Note of even date herewith payable by Borrower to the order of Lender in said principal amount (as the same might hereafter be extended, renewed, modified, consolidated, substituted, replaced, restated, or increased, the "Note"), with interest thereon from the date of the Note at the rates set forth in the Note, such principal and interest to be paid in installments as provided in the Loan Agreement and the Note, with the final installment being due and payable on July 10, 2002.

As a condition precedent to making the Loan, Lender has required that Borrower execute and deliver this Security Instrument as security for the Loan and the other Secured Obligations (as hereinafter defined).

Article I - Grants of Security

NOW THEREFORE, for and in consideration of the foregoing and other good and valuable consideration, and the sum of One Hundred and No/100 Dollars ($100.00) in hand paid, and the other considerations hereinafter mentioned, the receipt and sufficiency whereof are hereby acknowledged, Borrower does hereby irrevocably grant, bargain, sell, pledge, assign, warrant, transfer, and convey to Trustee and Trustee's successors and assigns, the following property, appurtenances, rights, interests, and Lender in, the following property, appurtenances, rights, interests, and estates of Borrower, whether now owned or hereafter acquired by Borrower (all such property, appurtenances, rights, interests, and estates being herein referred to collectively as the "Mortgaged Property"):

(a) All tracts, pieces, or parcels of land located in Chesterfield County, Virginia more particularly described in Exhibit A attached hereto and by this reference made a part hereof (the "Land");

(b) All buildings, structures, fixtures, additions, enlargements, extensions, modifications, repairs, replacements, and improvements of every nature whatsoever now or hereafter erected or located on the Land (the "Improvements");

(c) All easements, rights-of-way, strips and gores of land, vaults, streets, ways, alleys, passages, sewer rights, waters, water courses, water rights and powers, air rights, and development rights, minerals, flowers, shrubs, crops, trees, timber, and other emblements now or hereafter located on, under, or above the Land or any part or parcel thereof, and all ground leases, estates, rights, titles, interests, privileges, liberties, tenements, hereditaments, appurtenances, reversions, and remainders whatsoever in any way belonging, relating, or appertaining to the Land and

the Improvements or any part thereof, or which hereafter shall in any way belong, relate, or be appurtenant thereto, and all land lying in the bed of any street, road, or avenue, opened or proposed, in front of or adjoining the Land, to the center line thereof, and all the estates, rights, titles, interests, dower and rights of dower, curtesy and rights of curtesy, property, possession, claim, and demand whatsoever, both at law and in equity, of Borrower of, in, and to the Land and the Improvements and every part and parcel thereof, with the appurtenances thereto;

(d) All machinery, equipment, fixtures, appliances, and personal property of every kind and nature whatsoever now or hereafter owned by Borrower, or in which Borrower has or shall have an interest, now or hereafter located in, on, or about the Land and the Improvements, or the appurtenances thereof, or used or intended to be used with or in connection with the present or future operation, occupancy, or enjoyment of the Land and the Improvements (including, without limitation, appliances, machinery, equipment, signs, artwork, office furnishings and equipment, all partitions, screens, awnings, shades, blinds, floor coverings, hall and lobby equipment, heating, lighting, plumbing, ventilating, refrigerating, incinerating, elevators, escalators, air conditioning and communication plants or systems with appurtenant fixtures, vacuum cleaning systems, call or beeper systems, security systems, sprinkler systems and other fire prevention and extinguishing apparatus and materials; all equipment, manual, mechanical or motorized, for the construction, maintenance, repair and cleaning of, parking areas, walks, underground ways, truck ways, driveways, common areas, roadways, highways and streets), and all building equipment, materials, and supplies of any nature whatsoever now or hereafter located in, on, or about the Land and the Improvements, or the appurtenances thereof, and whether in storage or otherwise, or used or intended to be used with or in connection with the present or future operation, occupancy, or enjoyment of the Land and the Improvements (hereinafter collectively referred to as the "Equipment"), including the proceeds of any sale or transfer of the foregoing, and the right, title and interest of Borrower in and to any of the Equipment which may be subject to any security interests, as defined in the Uniform Commercial Code, as adopted and enacted by the State or States where any of the Mortgaged Property is located (the "UCC") superior in priority to the lien of this Security Instrument. In connection with Equipment which is leased to Borrower or which is subject to a lien or security interest which is superior to the lien of this Security Instrument, this Security

Instrument shall also cover all right, title and interest of Borrower in and to all deposits, and the benefit of all payments now or hereafter made with respect to such Equipment

(e) All leases, subleases, subtenancies, licenses, occupancy agreements, and concessions relating to the use and enjoyment of all or any part of the Land or the Improvements heretofore or hereafter entered into whether before or after the filing by or against Borrower of any petition for relief under the United States Bankruptcy Code, 11 U.S.C. (S) 101 et seq. (the "Bankruptcy Code"), as the same might be amended from time to time (the "Leases"), and any and all guaranties and other agreements relating to or made in connection with any of the Leases, and all right, title, and interest of Borrower, its successors and assigns therein and thereunder to secure the performance by the lessees of their obligations thereunder and all rents, additional rents, revenues, issues, and profits (including oil and gas or other mineral royalties and bonuses) from the Land and the Improvements, whether paid or accruing before or after the filing by or against Borrower of any petition for relief under the Bankruptcy Code (the "Rents"), and all proceeds from the sale or other disposition of the Leases and the right to receive and apply the Rents to the payment of the Secured Obligations, and all of Borrower's claims and rights to damages and any other remedies in connection with or arising from

the rejection of any Lease by the lessee or any trustee, custodian or receiver pursuant to the Bankruptcy Code in the event that there shall be filed by or against the lessee any petition, action or proceeding under the Bankruptcy Code or under any other similar federal or state law now or hereafter in effect;

(f) All proceeds, including all claims to and demands for them, of the voluntary or involuntary conversion of any of the Land, the Improvements, or any of the other Mortgaged Property into cash or liquidated claims, including proceeds of all present and future fire, hazard, or casualty insurance policies and all condemnation awards or payments now or hereafter to be made by any public body or decree by any court of competent jurisdiction for any taking or in connection with any condemnation or eminent domain proceeding, and all causes of action and their proceeds for any damage or injury to the Land, Improvements, or any of the other Mortgaged Property or any part of them, or breach of warranty in connection with the construction of the Improvements, including causes of action arising in tort, contract, fraud, or concealment of a material fact;

(g) All rights to the payment of money, accounts, accounts receivable, reserves, deferred payments, refunds, cost savings, payments and deposits, whether now or hereafter to be received from third parties (including all earnest money deposits) or deposited by Borrower with Lender or third parties (including all utility deposits, accounts for the deposit, collection, and/or disbursement of Rents, and all reserve accounts provided for under any documentation entered into or delivered by Borrower in connection with the Loan), chattel paper, instruments, documents, notes, drafts and letters of credit, which arise from or relate to construction on the Land, to any business now or hereafter to be conducted on the Land, or to the Land and the Improvements generally;

(h) All franchises, trade names, trademarks, symbols, goodwill, service marks, trade styles, books, records, development and use rights, architectural and

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engineering plans, specifications and drawings, and as-built drawings, contracts, licenses, approvals, applications, consents, subcontracts, service contracts, management contracts, permits, and other agreements of any nature whatsoever now or hereafter obtained or entered into by Borrower, or any managing agent of the Mortgaged Property on behalf of Borrower, with respect to the use, occupation, development, construction, management, name, and/or operation of the Mortgaged Property or any part thereof or the activities conducted thereon or therein, or otherwise pertaining to the Mortgaged Property or any part thereof, including, without limitation, (i) all rights of Borrower to receive moneys due and to become due to it under or in connection with any of the foregoing, (ii) all rights of Borrower to damages arising out of or for a breach or default in respect thereof, and (iii) all rights of Borrower to perform and to exercise all remedies thereunder;

(i) all rights that Borrower now has or may hereafter acquire, to be indemnified and/or held harmless from any liability, loss, damage, costs or expense (including, without limitation, attorneys' fees and disbursements) relating to the Mortgaged Property or any part thereof;

(j) All books and records pertaining to any and all of the property described above, including computer-readable memory and any computer hardware or software necessary to access and process such memory; and

(k) All proceeds of, additions and accretions to, substitutions and replacements for, and any changes in any of the property described above.

TO HAVE AND TO HOLD the Mortgaged Property and all parts, rights, members and appurtenances thereof, to the use, benefit and behoof of Lender, its successors and assigns, in fee simple forever.

Article II - Obligations Secured

This Security Instrument and the grants, assignments, and transfers made in Article I hereof are given for the purpose of securing the following obligations in any order of priority as Lender may determine in its sole discretion (the "Secured Obligations"):

(a) Payment of all indebtedness evidenced by the Note, including principal, interest, default interest, late charges, prepayment consideration, and other sums, as provided in the Note, and the performance of all other obligations set forth in the Note;

(b) The full and prompt payment and performance of all of the provisions, agreements, covenants and obligations herein contained and contained in the Loan Agreement or any of the other Loan Documents (as defined in the Loan Agreement) and the payment of all other sums therein covenanted to be paid;

(c) Any and all additional advances made by Lender pursuant to this Security Instrument or the other Loan Documents to protect or preserve the Mortgaged Property or the lien or security interest created hereby on the Mortgaged Property, or for taxes, assessments or insurance premiums as hereinafter provided or for performance of any of Borrower's obligations hereunder or under the other Loan Documents or for any other purpose provided herein or in the other Loan Documents (whether or not the original Borrower remains the owner of the Mortgaged Property at the time of such advances); and

(d) Payment and performance of all modifications, amendments, extensions, consolidations, and renewals, however evidenced, of any of the obligations described in (a) through (c) above.

Article III - Covenants

3.01. Payment of Secured Obligations. Borrower will perform, observe and comply with the provisions hereof and of each of the other Loan Documents and duly and punctually will pay to Lender the sum of money expressed in the Note with interest thereon and all other sums required to be paid by the Borrower pursuant to the provisions of this Security Instrument, all without any deduction or credit for taxes or other similar charges paid by the Borrower.

3.02. Incorporation by Reference. All the covenants, conditions, and agreements contained in the Loan Agreement, the Note, and all of the other Loan Documents are hereby made a part of this Security Instrument to the same extent and with the same force as if fully set forth herein.

3.03. Warranty of Title. Borrower is lawfully seized of an indefeasible estate in fee simple in the Mortgaged Property hereby conveyed and has good and absolute title to all other Mortgaged Property in which a security interest is herein granted, and Borrower has good right, full power, and lawful authority to sell, convey, and grant a security interest in the same in the manner and form aforesaid. Except for the Permitted Encumbrances described in the Loan Agreement, the Mortgaged Property is free and clear of all liens, charges, and encumbrances whatsoever, including

conditional sales contracts, chattel mortgages, security agreements, financing statements, and anything of a similar nature, and that Borrower shall and will warrant and forever defend the title thereto unto the Lender, its successors and assigns, against the lawful claims of all persons whomsoever. Borrower shall not acquire any portion of the Mortgaged Property subject to any security interest, conditional sales contract, title retention arrangement, or other charge or lien taking precedence over the security interest and lien of this Security Instrument.

3.04. Taxes, Utilities, and Other Charges.

(a) Borrower will pay or cause to be paid, on or before the due date thereof, all taxes, assessments, levies, license fees, permit fees, dues, charges, fines, and impositions (in each case whether general or special, ordinary or extraordinary, or foreseen or unforeseen) of every character whatsoever (including all penalties and interest thereon) now or hereafter levied, assessed, confirmed, or imposed on, or in respect of, or which might constitute a lien upon the Mortgaged Property, or any part thereof, or any estate, right, or interest therein, or upon the rents, issues, income, or profits thereof, and shall submit to Lender such evidence of the due and punctual payment of all such taxes, assessments, and other fees and charges as Lender might require. Borrower shall have the right, before any such tax, assessment, fee, or charges become delinquent, to contest or object to the amount or validity of any such tax, assessment, fee, or charge by appropriate legal proceedings, provided that said right shall not be deemed or construed in any way as relieving, modifying, or extending Borrower's covenant to pay any such tax, assessment, fee, or charge at the time and in the manner provided herein unless (i) Borrower has given prior written notice to Lender of Borrower's intent to so contest or object, (ii) Borrower shall demonstrate to Lender's satisfaction that the legal proceedings shall conclusively operate to prevent the sale of the Mortgaged Property, or any part thereof, to satisfy such tax, assessment, fee, or charge prior to final determination of such proceedings, (iii) Borrower shall furnish a good and sufficient bond or surety as requested by and satisfactory to Lender, and (iv) Borrower shall have provided a good and sufficient undertaking as might be required or permitted by law to accomplish a stay of such proceedings.

(b) Borrower will pay or cause to be paid, on or before the due date thereof, (i) all premiums on policies of insurance covering, affecting, or relating to the Mortgaged Property, as required pursuant to the Loan Agreement, (ii) all ground rentals, other lease rentals, and other sums, if any, owing by Borrower and becoming due under any lease or rental contract affecting the Mortgaged Property, and (iii) all utility charges that are incurred by Borrower for the benefit of the Mortgaged Property, or which might become a charge or lien against the Mortgaged Property for gas, electricity, water, sewer services, and the like furnished to the Mortgaged Property, and all other public or private assessments or charges of a similar nature affecting the Mortgaged Property or any portion thereof, whether or not the nonpayment of same might result in a lien thereon. Borrower shall submit to Lender such evidence of the due and punctual payment of all such premiums, rentals, and other sums as Lender might require.

(c) Borrower shall not suffer any mechanic's, materialman's, laborer's, statutory, or other lien (except as expressly permitted by the Loan Agreement) to be created or remain outstanding against the Mortgaged Property; provided that Borrower may contest any such lien in good faith by appropriate legal proceedings provided the lien is bonded off and removed as an encumbrance upon the Mortgaged Property. Lender has not consented and will not consent to the performance of any work or the furnishing of any materials that might be deemed to create a lien or liens against the Mortgaged Property that is superior to the lien and security interest hereof.

(d) Borrower will pay, on or before the due date thereof, all taxes, assessments, charges, expenses, costs, and fees that might now or hereafter be levied upon, or assessed or charged against, or incurred in connection with, the Note, the Secured Obligations, this Security Instrument, or any of the other Loan Documents, including, without limitation, any sales or use tax that might be imposed on Lender with respect to the Secured Obligations (but excluding taxes calculated solely based upon the income derived by Lender from the Secured Obligations). In the event of the passage of any state, federal, municipal, or other governmental law, order, rule, or regulation, subsequent to the date hereof, in any manner changing or modifying the laws now in force governing the taxation of deeds to secure debt or security agreements, or debts secured thereby, or in the manner of collecting such taxes, so as to adversely affect Lender (excluding any tax upon Lender's income derived from the Secured Obligations), Borrower will pay any such tax on or before the due date thereof. If Borrower fails to make such prompt payment or if, in the opinion of Lender, any such state, federal, municipal, or other governmental law, order, rule, or regulation prohibits Borrower from making such payment or would penalize Borrower if Borrower makes such payment, or if, in the opinion of Lender, the making of such payment might result in the imposition of interest beyond the maximum amount permitted by applicable law, then the entire Secured Obligations will, at the option of Lender, become immediately due and payable.

3.05. Insurance.

(a) Borrower shall cause the Mortgaged Property at all times during the entire term of this Security Instrument to be insured for the mutual benefit of Borrower and Lender against loss or damage by fire and against loss or damage by other risks and hazards covered by a standard "all risk" insurance policy. The amount of such insurance shall be not less than one hundred percent (100%) of the full replacement cost of the Improvements, furniture, furnishings, fixtures, equipment and other items (whether personalty or fixtures) included in the Mortgaged Property and owned by Borrower from time to time, without reduction for depreciation, but excluding footings and foundations and parts of the Mortgaged Property to the extent not insurable. The determination of the replacement cost amount shall be adjusted annually to comply with the requirements of the insurer issuing such coverage or, at Lender's election, by reference to such indices, appraisals or information as Lender determines in its reasonable discretion. Full replacement cost, as used herein, means, with respect to the Improvements, the cost of replacing the Improvements without regard to deduction for depreciation, exclusive of the cost of excavations, foundations and footings below the lowest basement floor, and means, with respect to such furniture, furnishings, fixtures, equipment and other items, the cost of replacing the same, in each case, with inflation guard coverage to reflect the effect of inflation. Each such policy or policies, if so required, shall contain a replacement cost endorsement and either an agreed amount endorsement (to avoid the operation of any co-insurance provisions) or a waiver of any co-insurance provisions, all subject to Lender's reasonable approval. The premiums for the policies of insurance carried in accordance with this Section shall be paid annually in advance.

(b) Borrower, at its sole cost and expense, for the mutual benefit of Borrower and Lender, shall also obtain and maintain or cause to be obtained and maintained during the entire term of this Security Instrument the following insurance policies:

(i) Flood insurance if any part of the Improvements is located in an area identified by the Federal Emergency Management Agency as an area having special flood hazards and in which flood insurance has been made available under the National Flood Insurance Act of 1968 (and any successor act thereto) in an amount

equal to at least the then full replacement value of the Mortgaged Property or the amount of flood insurance available under said Act, whichever is

less;

(ii) Comprehensive general liability insurance, including broad form property damage, blanket contractual and personal injuries (including death resulting therefrom) coverages on an "occurrence basis" with minimum combined single limit coverage of not less than $5,000,000.00;

(iii) Insurance covering the major components of the central heating, air conditioning and ventilating systems, boilers, other pressure vessels, sprinkler systems, high pressure piping and machinery, elevators and escalators, if any, and other similar equipment installed in the Improvements, in an amount equal to one hundred percent (100%) of the full replacement cost of the Improvements which policies shall insure against physical damage to and loss of occupancy and use of the Improvements arising out of an accident or breakdown covered thereunder;

(iv) During the period of any construction of the Improvements or renovation or alteration of the Improvements, a so-called "Builder's All-Risk Completed Value" or "Course of Construction" insurance policy in non-reporting form for any Improvements under construction, renovation or alteration in an amount reasonably approved by Lender and Worker's Compensation Insurance covering all persons engaged in such construction, renovation or alteration;

(v) Loss of rents or loss of business income insurance in amounts sufficient to compensate Borrower for all Rents during a period of not less than one (1) year in which the Improvements may be damaged or destroyed; and

(vi) Such other insurance as may from time to time be reasonably and customarily required by Lender in order to protect its interests in the Mortgaged Property.

(c) All insurance policies required pursuant to this Section (the "Policies") (i) shall be issued by an insurer satisfactory to Lender in its sole discretion, (ii) shall contain the standard New York mortgagee or equivalent non-contribution clause naming Lender as the person to which all payments made by such insurance company shall be paid, (iii) shall be maintained throughout the term of this Security Instrument without cost to Lender, (iv) a certificate thereof shall be delivered to Lender, (v) shall contain such provisions as Lender deems reasonably necessary or desirable to protect its interest including, without limitation, endorsements providing that neither Borrower, Lender nor any other party shall be a coinsurer under the Policies and that Lender shall receive at least thirty (30) days prior written notice of any modification or cancellation, and (vi) shall be reasonably satisfactory in form and substance to Lender and shall be reasonably approved by Lender as to amounts, form, risk coverage, deductibles, loss payees and insureds. Not later than ten (10) days prior to the expiration date of each of the Policies, Borrower shall deliver to Lender satisfactory evidence of the renewal of each Policy.

(d) Lender is hereby authorized and empowered, at its option, to adjust or compromise any loss under any Policies and to collect and receive the proceeds from any such Policies. Each insurance company is hereby authorized and directed to make payment for all such losses directly to Lender as its interest might appear, instead of to Borrower and Lender jointly. If any insurance company fails to disburse directly and solely to Lender but instead disburses either solely to Borrower or to Borrower and Lender jointly, Borrower agrees immediately to endorse and transfer

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such proceeds to Lender to the extent of Lender's interest therein. Upon the failure of Borrower to endorse and transfer such proceeds as aforesaid, Lender may execute such endorsements or transfers for and in the name of Borrower, and

Borrower hereby irrevocably appoints Lender as Borrower's agent and attorney-in-fact so to do. Lender shall not be held responsible for any failure to collect any insurance proceeds due under the terms of any policy regardless of the cause of such failure. The proceeds of any insurance collected by Lender arising from any casualty affecting the Mortgaged Property shall be applied and disbursed in accordance with, and subject to the conditions of, Section 3.07 of this Security Instrument.

3.06. Condemnation. Borrower shall promptly give Lender written notice of the actual or threatened commencement of any condemnation or eminent domain proceeding affecting the Mortgaged Property and shall deliver to Lender copies of any and all papers served in connection with such proceedings. No taking by any public or quasi-public authority through eminent domain or otherwise (including but not limited to any transfer made in lieu of or in anticipation of the exercise of such taking) shall limit or otherwise affect Borrower's obligations under the Loan Agreement, this Security Instrument, or any of the other Loan Documents to which Borrower is a party. Lender is authorized, at its option, to commence, appear in, and prosecute, through counsel selected by Lender, in its own or in Borrower's name, any action or proceeding relating to any such condemnation, provided that, if Lender's determines that the compensation, award, or payment or relief to be collected from such action or proceeding will likely be less than the Casualty Benchmark (as defined in Section 3.07 below), then Lender shall not unreasonably withhold its consent to permitting Borrower the sole right to prosecute any such action or proceeding. If an Event of Default exists, Lender shall have the sole and exclusive right to compromise or settle any claim for compensation. All such compensation, awards, damages, claims, rights of action, and proceeds and the right thereto are hereby assigned by Borrower to Lender, and Lender is authorized, at its option, to collect and receive all such compensation, awards, or damages and to give proper receipts and acquittances therefor without any obligation to question the amount of any such compensation, awards, or damages. Lender will be entitled to all compensation, awards, and other payments or relief therefor; provided that if the amount of such compensation, awards, and other payments or relief is equal to or less than the Casualty Benchmark, Borrower may collect same. Lender shall not be limited to the interest paid on the award by the condemning authority but shall be entitled to receive out of the award interest at the rate or rates provided herein and in the Note. Any such compensation, awards, and other payments received by Lender, after deducting therefrom all of Lender's expenses incurred in the collection and administration of such sums, including reasonable attorney's fees actually incurred, shall be applied and disbursed in accordance with Section 3.07 below. If the Mortgaged Property is sold, through foreclosure or otherwise, prior to the receipt by Lender of such award or payment, Lender shall have the right, whether or not a deficiency judgment on the Note shall have been sought, recovered or denied, to receive said award or payment, or a portion thereof sufficient to pay the Secured Obligations. Borrower shall file and prosecute or cause to be filed and prosecuted its claim or claims for any such award or payment in good faith and with due diligence and cause the same to be paid over to Lender, and hereby irrevocably authorizes and empowers Lender, in the name of Borrower or otherwise, to collect and receive any such award or payment and to file and prosecute such claim or claims, and although it is hereby expressly agreed that the same shall not be necessary in any event, Borrower shall, upon demand of Lender, make, execute and deliver any and all assignments and other instruments sufficient for the purpose of assigning any such award or payment to Lender, free and clear of any encumbrances of any kind or nature whatsoever.

3.07. Restoration and Repair of Mortgaged Property. In the event of a casualty or a taking by eminent domain of all or other portion of the Mortgaged Property, the following provisions shall apply in connection with the repair and restoration of the Mortgaged Property (a "Restoration"):

(a) In the event that (i) the net proceeds of insurance received by Lender as a result of damage or destruction of the

Mortgaged Property, or in the case of condemnation, the net amount of all awards and payments received by Lender with respect to such taking, after deduction of Lender's reasonable costs and expenses (including, but not limited to, reasonable legal costs and expenses actually incurred), in collecting the same, whichever the case may be (the "Net Proceeds") do not exceed $250,000.00 (the "Casualty Benchmark"), (ii) the costs of completing the Restoration, as reasonably estimated by Lender, shall be less than or equal to the Casualty Benchmark, (iii) no Event of Default shall have occurred and be continuing, (iv) the Mortgaged Property and the use thereof after the Restoration shall be in compliance with, and permitted under, all Legal Requirements (as defined in the Loan Agreement), (v) such fire or other casualty or taking, as applicable, does not materially impair access to the Land or to the Improvements, then Lender shall disburse the entire Net Proceeds directly to Borrower, and Borrower shall commence and diligently prosecute to completion the Restoration to as nearly as possible the condition the Mortgaged Property was in immediately prior to such fire or other casualty or to such taking or to such other condition as may be agreed upon between Borrower and Lender. Borrower shall segregate the Net Proceeds from other funds of Borrower to be used to pay for the cost of the Restoration in accordance with the terms hereof.

(b) If the Net Proceeds are greater than the Casualty Benchmark, such Net Proceeds shall be held by Lender in a segregated account to be made available to Borrower for the Restoration in accordance with the provisions of this Section. Borrower shall commence and diligently prosecute to completion the Restoration of the Mortgaged Property (in the case of a taking, to the extent the Mortgaged Property is capable of being restored). The Net Proceeds shall be made available to Borrower for payment of, or reimbursement of Borrower's expenses in connection with, the Restoration, subject to the following conditions:

(1) No Event of Default shall have occurred and be continuing;

(2) Lender shall, within a reasonable period to time prior to request for initial disbursement of the Net Proceeds, be furnished with an estimate of the cost of the Restoration accompanied by an independent architect's certification as to such costs and appropriate plans and specifications for the Restoration;

(3) The Net Proceeds, together with any cash or cash equivalent deposited by Borrower with Lender, are sufficient to cover the cost of the Restoration as such costs are certified by the independent architect;

(4) Lender shall be satisfied that any operating deficits, including all Monthly Payments, that shall be incurred with respect to

the Property as a result of the occurrence of any such fire or other casualty or taking, whichever the case may be, shall be covered out of the Net Proceeds or other funds of Borrower;

(5) Lender shall be satisfied that, upon the completion of the Restoration and related lease-up, the ABB Lease Documents (as defined in the Loan Agreement)

shall remain in full force and affect with no abatement of rent except to the extent covered by business interruption insurance and /or condemnation proceeds and the net cash flow and value of the Mortgaged Property shall otherwise be restored to levels that existed prior to such casualty or condemnation;

(6) The Restoration can reasonably be completed on or before the earlier to occur of (i) six (6) months prior to the maturity of the Note and (ii) the date required pursuant to Legal Requirements (as defined in the Loan Agreement);

(7) The Mortgaged Property and the use thereof after the Restoration shall be in compliance with, and permitted under, all Legal Requirements; and

(8) Such fire or other casualty or taking, as applicable, does not materially impair access to the Land or the Improvements.

(b) The Net Proceeds shall be held by Lender, and until disbursed in accordance with the provisions of this Section, shall constitute additional security for the Obligations. The Net Proceeds shall be disbursed by Lender to, or directed by, Borrower from time to time during the course of the Restoration, in accordance with the Loan Agreement as if the Net Proceeds constituted the original proceeds of the Loan.

(c) Lender shall have the use of the plans and specifications and all permits, licenses and approvals required or obtained in connection with the Restoration. The identity of the contractors, subcontractors and materialmen engaged in the Restoration, as well as the contracts under which they have been engaged, shall be subject to prior review and acceptance by Lender and Lender's Consultant, which acceptance shall not be unreasonably withheld or delayed more than fifteen (15) days after submission to Lender and Lender's Consultant. All costs and expenses incurred by Lender in connection with making the Net Proceeds available for the Restoration including, without limitation, reasonable counsel fees and disbursements and Lender's Consultant's fees, shall be paid by Borrower.

(d) In no event shall Lender be obligated to make disbursements of the Net Proceeds in excess of an amount equal to the costs actually incurred from time to time for work in place as part of the Restoration, as certified by Lender's Consultant, minus a reasonably retainage. The retainage shall in no event, and notwithstanding anything to the contrary set forth above in this Section, be less than the amount actually held back by Borrower from contractors, subcontractors, and materialmen engaged in the Restoration. The retainage shall not be released until Lender's Consultant certifies to Lender that the Restoration has been completed in

accordance with the provisions of this Section and that all approvals necessary for the re-occupancy and use of the Property have been obtained from all appropriate governmental and quasi-governmental authorities, and Lender receives evidence satisfactory to Lender that the costs of the Restoration have been paid in full or shall be paid in full out of the retainage.

(e) If at any time the Net Proceeds or the undisbursed balance

thereof shall not, in the opinion of Lender, be sufficient to pay in full the balance of the costs which are estimated by Lender's Consultant to be incurred in connection with the completion of the Restoration, Borrower shall deposit the deficiency (the "Net Proceeds Deficiency") with Lender before any further disbursement of the Net Proceeds shall be made. The Net Proceeds Deficiency deposited with Lender shall be held by Lender and shall be disbursed for costs actually incurred in connection with the Restoration on the same conditions applicable to the disbursement of the Net Proceeds, and until so disbursed pursuant to this Section shall constitute additional security for the Obligations.

(f) The excess, if any, of the Net Proceeds and the remaining balance, if any, of the Net Proceeds Deficiency deposited with Lender after Lender's Consultant certifies to Lender that the Restoration has been completed in accordance with the provisions of this Section and the receipt by Lender of evidence satisfactory to Lender that all costs incurred in connection with the Restoration have been paid in full, shall be remitted by Lender to Borrower, provided no Event of Default shall have occurred and be continuing.

(g) Any Net Proceeds not required (i) to be made available for the Restoration or (ii) to be returned to Borrower as excess Net Proceeds pursuant to the preceding subsection shall be retained and applied by Lender toward the payment of the Obligations, whether or not then due and payable, in such order, priority, and proportions as Lender in its discretion shall deem proper or, at the discretion of Lender, the same shall be paid, either in whole or in part, to Borrower.

3.08. Care of Mortgaged Property.

(a) Borrower will preserve and maintain the Mortgaged Property in good condition and repair, will not commit or suffer any waste, and will not do or suffer to be done anything that will increase the risk of fire or other hazard to the Mortgaged Property or any part thereof. Borrower will maintain the insurance required by the Loan Agreement. Lender is hereby authorized to enter upon and inspect the Mortgaged Property at any time during normal business hours. Borrower will comply promptly with all present and future laws, ordinances, rules, and regulations of any governmental authority affecting the Mortgaged Property or any part thereof, including, without limitation, the Americans with Disabilities Act and regulations thereunder, and all laws, ordinances, rules and regulations relating to zoning, building codes, set back requirements, and environmental matters.

(b) No Improvements, Equipment, or other part of the Mortgaged Property shall be removed, demolished, or substantially altered without the prior written consent of Lender. Borrower may, free from the lien and security interest of this Security Instrument, sell or consume Inventory in the ordinary course of business and, provided no Default or Event of Default then exists, sell or otherwise dispose of Equipment that might become worn out, undesirable, obsolete, disused or unnecessary for use in the operation of the Mortgaged Property upon replacing the same by, or

substituting for the same, other Equipment not necessarily of the same character, but of at least equal value to Borrower and costing not less than the amount realized from the Equipment sold or otherwise disposed of, which shall forthwith become, without further action, subject to the lien and security interest of this Security Instrument.

(c) If the Mortgaged Property or any part thereof is damaged by fire or

any other Vcause or through condemnation, Borrower will give immediate written notice of the same to Lender. Upon the occurrence of any such casualty or condemnation and provided that Lender makes any insurance proceeds or condemnation awards collected as a result of such casualty or condemnation available to Borrower pursuant to the provisions of the Loan Agreement, then Borrower will restore promptly the Mortgaged Property to the equivalent of its original condition, regardless of whether such insurance proceeds or condemnation awards shall be sufficient in amount therefor.

3.09. Leases and Management Agreements. Borrower shall not, without the prior written consent and approval of Lender, enter into any Lease or permit any tenancy of or affecting the Mortgaged Property except for Leases conforming to the requirements of the Loan Agreement, or enter into or permit any management agreement, of or affecting the Mortgaged Property, except as expressly permitted by the Loan Agreement.

3.10. Expenses. Borrower will pay or reimburse Lender for all reasonable attorneys' fees, costs and expenses incurred by Lender in any proceedings involving the estate of a decedent or an insolvent, or in any action, legal proceeding or dispute of any kind in which Lender is made a party, or appears as party plaintiff or defendant, affecting the Secured Obligations, this Security Instrument or the interest created herein, or the Mortgaged Property, including but not limited to the exercise of any power of sale of this Security Instrument, any condemnation action involving the Mortgaged Property, any dispute or other matter involving a Lease or any tenant thereunder, or any action to protect the security hereof, and any such amounts paid by Lender shall be added to the Secured Obligations.

3.11. Further Assurances; After Acquired Mortgaged Property. At any time, and from time to time, upon request by Lender, Borrower will make, execute and deliver or cause to be made, executed and delivered, to Lender, any and all other further instruments, certificates, and other documents as may, in the reasonable opinion of Lender, be necessary or desirable to (i) perfect and protect the lien and security interest created or purported to be created hereby, (ii) enable Lender to exercise and enforce any and all rights and remedies hereunder in respect of the Mortgaged Property, or (iii) effect otherwise the purposes of this Security Instrument, including, without limitation, (A) executing and filing such financing or continuation statements, or amendments thereto, as may be necessary or desirable or that Lender might request to perfect and preserve the security interest created by this Security Instrument as a first and prior security interest upon and security title in and to all of the Mortgaged Property, whether now owned or hereafter acquired by Borrower, (B) if certificates of title are now or hereafter issued or outstanding with respect to any of the Mortgaged Property, by immediately causing the interest of Lender to be properly noted thereon at Borrower's expense, and (C) furnishing to Lender from time to time statements and schedules further identifying and describing the Mortgaged Property and such other reports in connection with the Mortgaged Property as Lender might request, all in reasonable detail. Upon any failure by Borrower so to do, Lender may make, execute, and record any and all such instruments, certificates, and documents for and in the name of Borrower, and Borrower hereby irrevocably appoints Lender the agent and attorney in fact of Borrower so to do, which power of attorney is coupled with an interest and irrevocable. The lien and security interest hereof shall attach automatically without any further act or deed required of Borrower or Lender to all after-acquired property of the kind described

herein attached to or used in connection with the operation of the Mortgaged Property or any part thereof.

3.12. Indemnification of Expenses.

(a) Borrower will pay, reimburse, and indemnify Trustee and Lender for all reasonable attorney's fees, costs, and expenses incurred by Trustee or Lender in any suit, action, trial, appeal, bankruptcy or other legal proceeding or dispute of any kind in which Trustee or Lender is made a party or appears as party plaintiff or defendant, affecting the Secured Obligations, this Security Instrument or the interests created herein, or the Mortgaged Property, or any appeal thereof, including, but not limited to, any foreclosure action, any condemnation action involving the Mortgaged Property or any action to protect the security hereof, any bankruptcy or other insolvency proceeding commenced by or against Borrower, any lessee of the Mortgaged Property (or any part thereof), or any guarantor of any of the Secured Obligations, and any such amounts paid by Trustee or Lender shall be added to the Secured Obligations and shall be secured by this Security Instrument. Borrower will indemnify and hold Trustee and Lender harmless from and against all claims, damages, and expenses, including reasonable attorney's fees and court costs, resulting from any action by a third party against Trustee or Lender relating to this Security Instrument or the interests created herein, or the Mortgaged Property, including, but not limited to, any action or proceeding claiming loss, damage or injury to person or property, or any action or proceeding claiming a violation of any national, state or local law, rule or regulation, provided Borrower shall not be required to indemnify Trustee or Lender for matters directly and solely caused by the willful misconduct or gross negligence of Trustee or Lender or for matters occurring after the title to the Mortgaged Property is for any reason transferred to Lender.

(b) Borrower acknowledges that it has undertaken the obligation to pay all intangibles taxes and documentary taxes now or hereafter due in connection with the Secured Obligations and the Loan Documents, and Borrower agrees to indemnify and hold Lender harmless from any intangibles taxes and documentary stamp taxes, and any interest or penalties, that Lender might hereafter be required to pay in connection with the Secured Obligations or Loan Documents. The agreements of this subsection (b) shall expressly survive satisfaction of this Security Instrument and the repayment of the Secured Obligations.

3.13. Estoppel Certificates.

(a) After request by Lender, Borrower, within ten (10) days, shall furnish Lender or any proposed assignee with a statement, duly acknowledged and certified, setting forth (i) the amount of the original principal amount of the Note, (ii) the unpaid principal amount of the Note, (iii) the rate of interest of the Note, (iv) the terms of payment and maturity date of the Note, (v) the date installments of interest and/or principal were last paid, (vi) that, except as provided in such statement, there are no Defaults or Events of Default under the Note, the Loan Agreement, or this Security Instrument, (vii) that the Note, the Loan Agreement, and this Security Instrument are valid, legal and binding obligations and have not modified or if modified, giving particulars of such modification, (viii) whether any offsets or defenses exist against the Secured Obligations and, if any are alleged to exist, a detailed description thereof, (ix) that all Leases are in full force and effect and (provided the Mortgaged Property is not a residential multifamily property) have not been modified (or if modified, setting forth all modifications), (x) the date to which the Rents thereunder have been paid pursuant to the Leases, (xi) whether or not, to the best knowledge of Borrower, any of the lessees under the Leases are in default, setting forth the specific nature of all such defaults, (xii) the amount of security deposits held by Borrower under each Lease and that such amounts are

consistent with the amounts required under each Lease, and (xii) the amount of security deposits held by Borrower under each Lease and that such amounts are consistent with the amounts required under each Lease, and (xiii) as to any other matters reasonably requested by Lender and reasonably related to the Leases, the Secured Obligations, the Mortgaged Property or this Security

Instrument.

(b) If requested by Lender, Borrower shall use commercially reasonable efforts to obtain and promptly deliver to Lender, duly executed estoppel certificates from any one or more tenants as required by Lender attesting to such facts regarding the Leases as Lender may require, including, but not limited to attestations that each Lease covered thereby is in full force and effect with no defaults thereunder or on the part of any party, that none of the Rents have been paid more than one month in advance, except as security, and that the tenant claims no defense or offset against the full and timely performance of its obligations under the Lease.

3.14. Splitting of Security Instrument. This Security Instrument and the Note shall, at any time until the same shall be fully paid and satisfied, at the sole election of Lender, be split or divided into two or more notes and two or more security instruments, each of which shall cover all or a portion of the Mortgaged Property upon written request of Lender, shall execute, acknowledge and deliver to Lender and/or its designee or designees substitute notes and security instruments in such principal amounts, aggregating not more than the then unpaid principal amount secured by this Security Instrument, and containing terms, provisions and clauses no less favorable to Borrower than those contained herein and in the Note, and such other documents and instruments as may be required by Lender to effect the splitting of the Note and this Security Instrument.

3.15. Replacement Documents. Upon receipt of an affidavit of an officer of Lender as to the loss, theft, destruction or mutilation of the Note or any other Loan Document which is not of public record, and, in the case of any such mutilation, upon surrender and cancellation of such Note or other Loan Document which is not of public record, and, in the case of any such mutilation, upon surrender and cancellation of such Note or other Loan Document, Borrower will issue, in lieu thereof, a replacement note or other Loan Document, dated the date of such lost, stolen, destroyed or mutilated note or other Loan Document in the same principal amount thereof and otherwise of like tenor.

3.16. Subrogation. Lender shall be subrogated to the claims and liens of all parties whose claims or liens are discharged or paid by Lender in order to protect or preserve the Mortgaged Property and the value thereof as security for Secured Obligations.

3.17. Limit of Validity. To the extent the fulfillment of any provision of this Security Instrument at the time such provision is to be performed shall involve transcending the limit of validity presently prescribed by any applicable usury or similar law, the obligation to be fulfilled under such provision shall ipso facto be reduced to the limit of such validity.

3.18. Hazardous Material.

(a) Borrower hereby represents and warrants to Lender that, as of the date hereof Borrower has received no written notice (i) that the Mortgaged Property is in direct or indirect violation of any local, state or federal law, rule or regulation pertaining to environmental regulation, contamination or clean-up (collectively, "Hazardous Material Laws"), including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (42 U.S.C. (S)9601 et seq. and 40 CFR (S)302.1 et seq.), the Resource Conservation and Recovery Act of 1976 (42

U.S.C. (S)6901 et seq.), The Federal Water Pollution Control Act (33 U.S.C. (S)1251 et seq. and 40 CFR (S)116.1 et seq.), and the Hazardous Materials Transportation Act (49 U.S.C. (S)1801 et seq.), and the regulations promulgated pursuant to said laws, all as amended; and any similar laws and regulations of

the state having jurisdiction over the Mortgaged Property; (ii) of any hazardous, toxic or harmful substances, wastes, materials, pollutants or contaminants (including, without limitation, asbestos, polychlorinated biphenyls, petroleum products, flammable explosives, radioactive materials, infectious substances or raw materials which include hazardous constituents) or any other substances or materials which are included under or regulated by Hazardous Material Laws (collectively, "Hazardous Material") are located on or have been handled, generated, stored, processed or disposed of on or released or discharged at, onto or under from the Mortgaged Property (including underground contamination) except for those substances used by Borrower in the ordinary course of its business and in compliance with all Hazardous Material Laws; (iii) that the Mortgaged Property is subject to any private or governmental lien or judicial or administrative notice or action relating to Hazardous Material; (iv) of any existing or closed underground storage tanks or other underground storage receptacles for Hazardous Material located on the Mortgaged Property; (v) of any investigation, action, proceeding or claim by any agency, authority or unit of government or by any third party which could result in any liability, penalty, sanction or judgment under any Hazardous Material Laws with respect to any condition, use or operation of the Mortgaged Property nor does Borrower know of any basis for such a claim; and (vi) of any claim by any party that any use, operation or condition of the Mortgaged Property violates any Hazardous Material Laws.

(b) Borrower shall keep or cause the Mortgaged Property to be kept free from Hazardous Material (except those substances used by Borrower or tenants of the Mortgaged Property in the ordinary course of their respective business and in compliance with all Hazardous Material Laws) and in compliance with all Hazardous Material Laws, shall not install or use any underground storage tanks, shall expressly prohibit the use, generation, handling, storage, production, processing and disposal of Hazardous Material (except those substances used by Borrower or tenants of the Mortgaged Property in the ordinary course of their respective business and in compliance with all Hazardous Material Laws) by all lessees of space in the Improvements, and, without limiting the generality of the foregoing, during the term of this Security Instrument, shall not install in the Improvements or permit to be installed in the Improvements asbestos or any substance containing asbestos.

(c) Borrower shall promptly notify Lender if Borrower shall become aware of the possible existence of any Hazardous Material (except those substances used by Borrower or tenants of the Mortgaged Property in the ordinary course of their respective business and in compliance with all Hazardous Material Laws) on the Mortgaged Property or if Borrower shall become aware that the Mortgaged Property is or may be in direct or indirect violation of any Hazardous Material Laws. Further, immediately upon receipt of the same, Borrower shall deliver to Lender copies of any and all orders, notices, permits, applications, reports, and other communications, documents and instruments received by Borrower pertaining to the actual, alleged or potential presence or existence of any such Hazardous Material at, on, about, under, within, near or in connection with the Mortgaged Property. Borrower shall, promptly and when and as required by any Hazardous Material Laws, at Borrower's sole cost and expense, take, or cause Lessee to take, all actions as shall be necessary or advisable for the clean-up of any and all portions of the Mortgaged Property or other affected property, including, without limitation, all investigative, monitoring, removal, containment and remedial actions in accordance with all applicable Hazardous Material Laws (and in all events in a manner satisfactory to Lender), and shall further pay or cause to be paid, at no expense to Lender, all clean-up, administrative and enforcement costs of applicable governmental agencies

which may be asserted against the Mortgaged Property. In the event Borrower fails to do so, Lender may, but shall not be obligated to, cause the Mortgaged Property or other affected property to be freed from any Hazardous Material

(except those substances used by Borrower or tenants of the Mortgaged Property in the ordinary course of their respective business and in compliance with all Hazardous Material Laws) or otherwise brought into conformance with Hazardous Material Laws and any and all costs and expenses incurred by Lender in connection therewith, together with interest thereon at the Default Rate (as defined in the Loan Agreement) from the date incurred by Lender until actually paid by Borrower, shall be immediately paid by Borrower on demand and shall be secured by this Security Instrument and by all of the other Loan Documents securing all or any part of the indebtedness evidenced by the Note. Borrower hereby grants to Lender and its agents and employees access to the Mortgaged Property and a license to remove any Hazardous Material (except those substances used by Borrower or tenants of the Mortgaged Property in the ordinary course of their respective business and in compliance with all Hazardous Material Laws) and to do all things Lender shall deem necessary to bring the Mortgaged Property in conformance with Hazardous Material Laws. Borrower covenants and agrees, at Borrower's sole cost and expense, to indemnify, defend (at trial and appellate levels, and with attorneys, consultants and experts acceptable to Lender), and hold Lender harmless from and against any and all liens, damages, losses, liabilities, obligations, settlement payments, penalties, assessments, citations, directives, claims, litigation, demands, defenses, judgments, suits, proceedings, costs, disbursements or expenses of any kind or of any nature whatsoever (including, without limitation, reasonable attorneys', consultants' and experts' fees and disbursements actually incurred in investigating, defending, settling or prosecuting any claim, litigation or proceeding) which may at any time be imposed upon, incurred by or asserted or awarded against Lender or the Mortgaged Property, and arising directly or indirectly from or out of (i) the presence, release or threat of release of any Hazardous Material on, in, under or affecting all or any portion of the Mortgaged Property or any surrounding areas, regardless of whether or not caused by or within control of Borrower; (ii) the violation of any Hazardous Material Laws relating to or affecting the Mortgaged Property, caused by Borrower; (iii) the failure by Borrower to comply fully with the terms and conditions of this Section; (iv) the breach of any representation or warranty contained in this Section; or (v) the enforcement of this Section, including, without limitation, the cost of assessment, containment and/or removal of any and all Hazardous Material from all or any portion of the Mortgaged Property or any surrounding areas, the cost of any actions taken in response to the presence, release or threat of release of any Hazardous Material on, in, under or affecting any portion of the Mortgaged Property or any surrounding areas to prevent or minimize such release or threat of release so that it does not migrate or otherwise cause or threaten danger to present or future public health, safety, welfare or the environment, and costs incurred to comply with the Hazardous Material Laws in connection with all or any portion of the Mortgaged Property or any surrounding areas. The indemnity set forth in this Section shall also include any diminution in the value of the security afforded by the Mortgaged Property or any future reduction in the sales price of the Mortgaged Property by reason of any matter set forth in this Section. Lender's rights under this paragraph shall survive payment in full of the Secured Obligations and shall be in addition to all other rights of Lender under this Security Instrument, the Loan Agreement, the Note and the other Loan Documents. The foregoing indemnity shall specifically not include any such costs relating to Hazardous Materials that are initially placed on, in or under the Mortgaged Property after title thereto is for any reason transferred to Trustee or Lender, or which result directly and solely from the willful misconduct or gross neglect of Trustee or Lender.

(d) Upon Lender's request, at any time after the occurrence and during the continuation of an Event of Default hereunder or at such other time as Lender has reasonable grounds to believe that Hazardous Material (except those substances used by Borrower or tenants of the Mortgaged

Property in the ordinary course of their respective business and in compliance

with all Hazardous Material Laws) are or have been released, stored or disposed of on or around the Mortgaged Property or that the Mortgaged Property may be in violation of the Hazardous Material Laws, Borrower shall provide, at Borrower's sole cost and expense, an inspection or audit of the Mortgaged Property prepared by a hydrogeologist or environmental engineer or other appropriate consultant approved by Lender indicating the presence or absence of Hazardous Material on the Mortgaged Property or an inspection or audit of the Improvements prepared by an engineering or consulting firm approved by Lender in writing indicating the presence or absence of friable asbestos or substances containing asbestos on the Mortgaged Property. If Borrower fails to provide such inspection or audit within forty-five (45) days after such request, Lender may order the same, and Borrower hereby grants to Lender and its employees and agents access to the Mortgaged Property and a license to undertake such inspection or audit. The cost of such inspection or audit, together with interest thereon at the Default Rate from the date incurred by Lender until actually paid by Borrower, shall be immediately paid by Borrower on demand and shall be secured by this Security Instrument and by all of the other Loan Documents.

(e) Without limiting the foregoing, where recommended by a "Phase I" or "Phase II" assessment (an "Environmental Report"), Borrower shall establish and comply with an operations and maintenance program relative to the Mortgaged Property, in form and substance acceptable to Lender, prepared by an environmental consultant acceptable to Lender, which program shall address any Hazardous Material (including asbestos containing material or lead based paint) that may now or in the future be detected on the Mortgaged Property. Without limiting the generality of the preceding sentence, Lender may require (i) periodic notices or reports to Lender in form, substance and at such intervals as Lender may specify to address matters raised in the Environmental Report, (ii) an amendment to such operations and maintenance program to address changing circumstances, laws or other matters, (iii) at Borrower's sole expense, supplemental examination of the Mortgaged Property by consultants specified by Lender to address matters raised in the Environmental Report, (iv) access to the Mortgaged Property, by Lender, its agents or servicer, to review and assess the environmental condition of the Mortgaged Property and Borrower's compliance with any operations and maintenance program, and (v) variation of the operations and maintenance program in response to the reports provided by any such consultants.

(f) If any action shall be brought against Lender based upon any of the matters for which Lender is indemnified under this Section, Lender shall notify Borrower in writing thereof and Borrower shall promptly assume the defense thereof, including, without limitation, the employment of counsel acceptable to Lender and the negotiation of any settlement; provided, however, that any failure of Lender to notify Borrower of such matter shall not impair or reduce the obligations of Borrower hereunder. Lender shall have the right, at the expense of Borrower (which expense shall be included in the costs described in subsection (c) above), to employ separate counsel in any such action and to participate in the defense thereof. In the event Borrower shall fail to discharge or undertake to defend Lender against any claim, loss or liability for which Lender is indemnified hereunder, Lender may, at its sole option and election, defend or settle such claim, loss or liability. The liability of Borrower to Lender hereunder shall be conclusively established by such settlement, provided such settlement is made in good faith, the amount of such liability to include both the settlement consideration and the costs and expenses, including, without limitation attorneys' fees and disbursements, incurred by Lender in effecting such settlement. In such event, such settlement consideration, costs and expenses shall be included in costs described in subsection (c) above and Borrower shall pay the same as provided in this Section. Lender's good faith in any such settlement shall be conclusively established if the settlement is made on the advice of independent legal counsel for Lender.

Article IV - Events of Default and Remedies

4.01. Events of Default. As used in this Security Instrument, the term "Event of Default" shall mean the occurrence of any one or more of the following events:

(a) The default or failure of Borrower properly and timely to comply with the terms and conditions of this Security Instrument that is not cured within applicable cure periods set forth herein or, if no cure period is specified therefor, is not cured within thirty (30) days after notice is sent by Lender to Borrower specifying such default;

(b) The occurrence of any Event of Default (as therein defined) under the Loan Agreement, the Note, or any of the other Loan Documents and not cured within any applicable cure period; or

(c) The sale, transfer, lease, assignment, or other disposition, voluntarily or involuntarily, of the Mortgaged Property, or any part thereof or any interest therein, including a sale or transfer in lieu of condemnation, or, except for Permitted Encumbrances, any further encumbrance of the Mortgaged Property, unless expressly permitted by the Loan Agreement or unless the prior written consent of Lender is obtained (which consent may be withheld with or without cause in Lender's discretion).

4.02. Acceleration of Maturity. If an Event of Default has occurred, Lender may declare all of the Secured Obligations to be forthwith due and payable, whereupon all the Secured Obligations shall become and be forthwith due and payable, without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by Borrower, and Lender may immediately enforce payment of all such amounts and exercise any or all of its rights and remedies under this Security Instrument, the Loan Agreement, and the other Loan Documents. No delay or omission on the part of Lender to exercise such option when entitled so to do shall be considered as a waiver of such right.

4.03. Right of Lender to Enter and Take Possession.

(a) If an Event of Default has occurred, Borrower, upon demand of Lender, shall forthwith surrender to Lender the actual possession of the Mortgaged Property and, if and to the extent permitted by law, Lender itself, or by such officers or agents as it may appoint, may enter and take possession of all or any part of the Mortgaged Property without the appointment of a receiver or an application therefor, and may exclude Borrower and its agents and employees wholly therefrom, and take possession of the books, papers and accounts of Borrower.

(b) If Borrower shall for any reason fail to surrender or deliver the Mortgaged Property or any part thereof after such demand by Lender, Lender may obtain a judgment or decree conferring upon Lender the right to immediate possession or requiring Borrower to deliver immediate possession of the Mortgaged Property to Lender. Borrower will pay to Lender, upon demand, all expenses of obtaining such judgment or decree, including compensation to Lender, its attorneys and agents, and all such expenses and compensation shall, until paid, become part of the Secured Obligations and shall be secured by this Security Instrument.

(c) Upon every such entering upon or taking of possession, Lender may hold, store, use, operate, manage and control the Mortgaged Property and conduct the business thereof, and, from time to time (i) make all necessary and proper repairs, renewals, replacements, additions, betterments, and improvements

thereto and purchase or otherwise acquire additional fixtures, personalty, and other property; (ii) insure or keep the Mortgaged Property insured; (iii) manage and operate the Mortgaged Property and exercise all the rights and powers of Borrower, in its name or otherwise, with respect to the same, and (iv) enter into any and all agreements with respect to the exercise by others of any of the powers herein granted Lender, all as Lender may from time to time determine to be to its best advantage. Lender may collect and receive all Rents and Accounts, including those past due as well as those accruing thereafter, and after deducting (aa) all expenses of taking, holding, managing, and operating the Mortgaged Property (including compensation for the services of all persons employed for such purposes), (bb) the cost of all such maintenance, repairs, renewals, replacements, additions, betterments, improvements, purchases, and acquisitions, (cc) the cost of such insurance, (dd) such taxes, assessments, and other charges as Lender may reasonably determine to pay, (ee) other proper charges upon the Mortgaged Property or any part thereof, and (ff) the compensation and expenses of attorneys and agents of Lender, Lender shall apply the remainder of the money so received to the other Secured Obligations in such order, priority, and proportions as Lender may elect. Lender's sole duty with respect to the custody, safekeeping, and physical preservation of the Mortgaged Property shall be to deal with it in the same manner as Lender deals with similar property for its own account. For the purpose of carrying out the provisions of this Section, Borrower hereby constitutes and appoints Lender the true and lawful attorney in fact of Borrower, which power of attorney is coupled with an interest and irrevocable, to do and perform, from time to time, any and all actions necessary and incidental to such purpose and does, by these presents, ratify and confirm any and all actions of said attorney in fact on the Mortgaged Property. Anything in this Section to the contrary notwithstanding, Lender shall not be obligated to discharge or perform the duties of a landlord to any tenant or incur any liability as a result of any exercise by Lender of its rights under this Security Instrument, and Lender shall be liable to account only for the Rents actually received by Lender.

(d) Whenever all the Secured Obligations shall have been paid and all Events of Default shall have been cured, Lender shall surrender possession of the Mortgaged Property to Borrower and its successors or assigns. The same right of taking possession, however, shall exist if any subsequent Event of Default shall occur and be continuing.

4.04. Performance by Lender. If Borrower defaults in the payment of any tax, lien, assessment, or charge levied or assessed against the Mortgaged Property, or in the payment of any utility charge, whether public or private, or in the payment of any insurance premium, or in the procurement of insurance coverage and the delivery of the insurance policies required in the Loan Agreement, or in the performance or observance of any other covenant, condition, or term of this Security Instrument, then Lender, at its option, may perform or observe the same, and all payments made or costs incurred by Lender in connection therewith shall constitute Secured Obligations and shall be, without demand, immediately repaid by Borrower to Lender with interest thereon at the Default Rate specified in the Loan Agreement. Lender shall be the sole judge of the legality, validity, and priority of any such tax, lien, assessment, charge, claim, and premium, of the necessity for any such actions, and of the amount necessary to be paid in connection therewith. Lender is hereby empowered to enter and to authorize others to enter upon the Mortgaged Property or any part thereof for the purpose of performing or observing any such defaulted covenant, condition, or term, without thereby becoming liable to Borrower.

4.05. Appointment of a Receiver. If an Event of Default has occurred, Lender, upon application to a court of competent jurisdiction, shall be entitled, without regard to the adequacy of any security for the Secured Obligations or the solvency of any party bound for its payment, to the appointment of a receiver to take possession of and to operate the Mortgaged Property and to collect the rents, profits, issues and revenues thereof.

Borrower will pay to Lender upon demand all expenses, including, without limitation, all receivers' fees, reasonable attorneys' fees, and agent's compensation, incurred pursuant to the provisions of this Section, and all such expenses shall constitute Secured Obligations.

4.06. Power of Sale. If an Event of Default shall have occurred, Trustee shall, upon request of Lender, sell the Mortgaged Property (or, if the Mortgaged Property shall consist of more than one parcel, such parcel or parcels thereof as Lender may select) for cash or upon such terms and conditions as they may deem expedient, and at such time as they may consider advisable, at public auction at the Mortgaged Property, in front of the Circuit Court building of the city or county in which the Mortgaged Property is located, or such other place within the city or county in which the Mortgaged Property is located, after giving notice thereof to Borrower by having first advertised the time, place and terms of sale for five (5) successive times, which may be five (5) successive days, in a newspaper having a general circulation in the county or city in which the Mortgaged Property or some portion thereof is located; provided, however, that such sale must not be held earlier than eight (8) days following the first advertisement nor more than thirty (30) days following the last advertisement. A copy of the notice of sale shall be sent by certified mail to Borrower no less than fourteen (14) days prior to the date of sale. Trustees shall have the right to make further public advertisement as they deem advisable. Trustee shall apply the proceeds of any such sale as provided in Section 55-59.4.3 of the Code of Virginia, as amended. At any sale made under the terms hereof, Trustee may require from each bidder, before his bid is received, a deposit of not more than ten percent (10%) of the sale price. Prior to or at the time of the sale, Trustee may, in its discretion, postpone the sale, in which event notice of such postponement shall be published in the same manner as the original advertisement of sale or as otherwise required by Virginia law. Trustee's commission in the event of advertisement, but payment before sale, shall be reasonable fees not in excess of two and one-half percent (2 1/2%) of the outstanding Secured Obligations. The exercise of the power of sale hereunder by Trustee on one or more occasions shall not be deemed to extinguish the power of sale which power of sale shall continue in full force and effect until all of the Mortgaged Property shall have been finally sold and property conveyed to the purchasers at the sales. Trustee shall deliver to the purchaser at any such trustee's sale its deed, without warranty, which shall convey to the purchaser the interest in the Mortgaged Property which Borrower has or has the power to convey at the time of the execution of the Security Instrument, and such as it may have acquired hereafter. The Trustee's deed shall recite the facts showing that the sale was conducted in compliance with all the requirements of law and of this Security Instrument, which recital shall be prima facie evidence of such compliance and conclusive evidence thereof in favor of bona fide purchasers and encumbrancers for value.

4.07. Lender's Power of Enforcement. If an Event of Default has occurred, Lender may, either with or without entry or taking possession as hereinabove provided or otherwise and in lieu of or in addition to exercising any power of sale hereinafter given in this Security Instrument, proceed by suit or suits at law or in equity or any other appropriate proceeding or remedy (i) to enforce payment of the Note or the performance of any term thereof or any other right, (ii) to foreclose this Security Instrument and to sell the Mortgaged Property as provided by law or in equity, and (iii) to pursue any other remedy available to it, all as Lender shall deem most effectual for such purposes. Lender shall take action either by such proceedings or by the exercise of its powers with respect to entry or taking possession, as Lender may determine.

4.08. UCC Remedies. This Security Instrument is a "security agreement" within the meaning of the UCC. The Mortgaged Property includes both real and personal property and all other rights and interests, whether tangible or intangible in nature, of Borrower in the Mortgaged Property. Borrower by executing and delivering this Security Instrument has granted and hereby grants

to Borrower, as security for the Secured Obligations, a security interest in the Mortgaged Property to the full extent that the Mortgaged Property may be subject to the UCC (said portion of the Mortgaged Property so subject to the UCC being referred to in this Security Instrument as the "Collateral"). If an Event of Default occurs, Lender may exercise, in addition to all other rights and remedies granted to it in this Security Instrument and in any other Loan Document, all rights and remedies of a secured party under the UCC. Without limiting the generality of the foregoing, Lender, without demand of performance or other demand, presentment, protest, advertisement or notice of any kind (except any notice required by law referred to below) to or upon Borrower or any other person (all and each of which demands, defenses, advertisements and notices are hereby waived), may in such circumstances forthwith collect, receive, appropriate and realize upon the Collateral , or any part thereof, and/or may forthwith sell, lease, assign, give option or options to purchase, or otherwise dispose of and deliver the Collateral or any part thereof (or contract to do any of the foregoing), in one or more parcels at public or private sale or sales, at any exchange, broker's board or office of Lender or elsewhere upon such terms and conditions as it may deem advisable and at such prices as it may deem best, for cash or on credit or for future delivery without assumption of any credit risk. Lender shall have the right upon any such public sale or sales, and, to the extent permitted by law, upon any such private sale or sales, to purchase the whole or any part of the Collateral so sold, free of any right or equity of redemption in Borrower, which right or equity is hereby waived or released. Borrower further agrees, at Lender's request, to assemble the Collateral and make it available to Lender at places which Lender shall reasonably select, whether at Borrower's premises or elsewhere. If any notice of a proposed sale or other disposition of the Collateral shall be required by law, such notice shall be deemed reasonable and proper if given at least ten (10) days before such sale or other disposition.

4.09. Purchase by Lender. Upon any foreclosure or other sale of or any portion of the Mortgaged Property, Lender may bid for and purchase the Mortgaged Property or any part thereof and shall be entitled to apply all or any part of the Secured Obligations as a credit to the purchase price.

4.10. Application of Proceeds of Sale. Any purchase money, proceeds, and avails of any sale or other disposition of the Mortgaged Property, or any part thereof, or any other sums collected by Lender pursuant to this Security Instrument, the Note, or the other Loan Documents may be applied by Lender to the payment of the Secured Obligations in such priority and proportions as Lender in its discretion shall deem proper.

4.11. Borrower as Tenant Holding Over. If any sale of the Mortgaged Property or any part thereof occurs pursuant to this Security Instrument, Borrower shall be deemed a tenant holding over and shall forthwith deliver possession to the purchaser or purchasers at such sale or be summarily dispossessed according to provisions of law applicable to tenants holding over.

4.12. Discontinuance of Proceedings; Restoration of Parties. If Lender proceeds to enforce any right of remedy under this Security Instrument by receiver, entry, or otherwise and such proceedings are discontinued or abandoned for any reason or are determined adversely to Lender, then and in every such case Borrower and Lender shall be restored to their former positions and

rights hereunder, and all rights, powers and remedies of Lender shall continue as if no such proceeding had been taken.

4.13. Remedies Cumulative. No right, power, or remedy conferred upon or reserved to Lender by this Security Instrument or any of the other Loan Documents is intended to be exclusive of any other right, power, or remedy, but each and every such right, power, and remedy shall be cumulative and concurrent

and shall be in addition to any other right, power, and remedy given under this Security Instrument, any such other Loan Document, or now or hereafter existing at law or in equity or by statute. The exercise by Lender of any such right, power, and remedy shall not operate as an election of remedies by Lender and shall not preclude the exercise by Lender of any or all other such rights, powers, or remedies. If the sale of all or any part of the Mortgaged Property is permitted hereunder, then such sale of the Mortgaged Property may be in one or more parcels and in such manner and order as Lender, in its sole discretion, may elect, it being expressly understood and agreed that the right of sale arising out of an Event of Default shall not be exhausted by any one or more sales, but other and successive sales may be made until all of the Mortgaged Property has been sold or until the Secured Obligations have been fully satisfied.

4.14. Waiver of Appraisement, Valuation, Exemption, Etc. Borrower agrees, to the full extent permitted by law, that in case of an Event of Default hereunder, neither Borrower nor anyone claiming through or under Borrower will set up, claim or seek to take advantage of any appraisement, valuation, stay, extension, exemption, or laws now or hereafter in force, in order to prevent or hinder the enforcement or foreclosure of this Security Instrument, or the absolute sale of the Mortgaged Property or any part thereof, or the delivery of possession thereof immediately after such sale to the purchaser at such sale, and Borrower, for itself and all who may at any time claim through or under Borrower, hereby waives to the full extent that it may lawfully so do, the benefit of all such laws, and any and all right to have the assets subject to the lien and security interest of this Security Instrument marshaled upon any foreclosure or sale under the power herein granted.

4.15. Suits to Protect the Mortgaged Property. Lender shall have power (i) to institute and maintain such suits and proceedings as it may deem expedient to prevent any impairment of the Mortgaged Property by any acts which may be unlawful or any violation of this Security Instrument, (ii) to preserve or protect its interest in the Mortgaged Property and in the Rents, and (iii) to restrain the enforcement of or compliance with any legislation or other governmental enactment, rule, or order that may be unconstitutional or otherwise invalid, if the enforcement of or compliance with such enactment, rule, or order would impair the security hereunder or be prejudicial to the interest of Lender.

4.16. Delay or Omission No Waiver. No delay or omission of Lender or of any holder of the Note to exercise any right, power, or remedy accruing upon any Event of Default shall exhaust or impair any such right, power, or remedy or shall be construed to be a waiver of any such Event of Default, or acquiescence therein, and every right, power, and remedy given by this Security Instrument to Lender may be exercised from time to time and as often as may be deemed expedient by Lender.

4.17. No Waiver of Event of Default to Affect Another, etc. No waiver of any Event of Default hereunder shall extend to or shall affect any subsequent or any other then existing Event of Default or shall impair any rights, powers, or remedies consequent thereon. If Lender (i) grants forbearance or an extension of time for the payment of any of the Secured Obligations, (ii) takes other or additional security for the payment of the Secured Obligations, (iii) waives or does not

exercise any right granted in the Note, this Security Instrument, or any of the other Loan Documents, (iv) releases any part of the Mortgaged Property from the lien and interest of this Security Instrument or otherwise changes any of the terms of the Note, this Security Instrument, or any of the other Loan Documents, (v) consents to the filing of any map, plat, or replat pertaining to the Mortgaged Property, (vi) consents to the granting of any easement or license affecting the Mortgaged Property, or (vii) makes or consents to any agreement subordinating the lien and interest of this Security Instrument, then any such act or omission shall not release, discharge, modify, change, or affect the

original liability under the Note, this Security Instrument, or otherwise of Borrower or any subsequent purchaser of the Mortgaged Property or any part thereof, or any maker, co-signer, endorser, surety, or guarantor, nor shall any such act or omission preclude Lender from exercising any right, power, or privilege herein granted or intended to be granted in the event of any other Event of Default then made or of any subsequent Event of Default, nor, except as otherwise expressly provided in an instrument or instruments executed by Lender, shall the lien and security interest of this Security Instrument be altered thereby. In the event of the sale or transfer by operation of law or otherwise of all or any part of the Mortgaged Property, Lender, at its option, without notice to any person or entity, hereby is authorized and empowered to deal with any such vendee or transferee with reference to the Mortgaged Property or the Secured Obligations, or with reference to any of the terms or conditions hereof, as fully and to the same extent as it might deal with the original parties hereto and without in any way releasing or discharging any of the liabilities or undertakings hereunder.

4.18. Proofs of Claim. In the case of any receivership, insolvency, bankruptcy, reorganization, arrangement, adjustment, composition or other proceedings affecting Borrower or its creditors or property, Lender, to the extent permitted by law, shall be entitled to file such proofs of claim and other documents as may be necessary or advisable in order to have the claims of Lender allowed in such proceedings for the entire amount due and payable by Borrower under this Security Instrument at the date of the institution of such proceedings and for any additional amount which may become due and payable by Borrower hereunder after such date.

Article V - Financing Statements and Fixture Filing

5.01. Financing Statements. Borrower covenants and agrees to execute, file, and refile such financing statements, continuation statements, or other documents as Lender shall require from time to time with respect to the Collateral. Borrower agrees that the filing of financing statement(s) in the records normally having to do with the Collateral shall not in any way affect the agreement of Borrower that everything used in connection with the production of income from the Mortgaged Property or adapted for use therein or that is described or reflected in this Security Instrument is, and at all times and for all purposes and in all proceedings, both legal or equitable, shall be, regarded as part of the Land conveyed hereby regardless of whether (i) any such item is physically attached to the Improvements, (ii) serial numbers are used for the better identification of certain items capable of being thus identified in an exhibit to this Security Instrument, or (iii) any such item is referred to or reflected in any such financing statement(s) so filed at any time. Similarly, the mention in any such financing statement(s) of the rights in and to (aa) the proceeds of any insurance policy, (bb) any award in condemnation proceedings for taking or for loss of value, or (cc) Borrower's interest as lessor in any present or future Leases or Rents shall not in any way alter any of the rights of Lender as determined by this Security Instrument or affect the priority of Lender's security interest granted hereby or by any other recorded document, it being understood and agreed that such mention in such financing statement(s) is solely for the protection of Lender in the event any court shall at any time hold, with respect to the foregoing items (aa), (bb), or (cc), that notice of

Lender's priority of interest, to be effective against a particular class of persons, must be filed in the UCC records. This Security Instrument may be filed as a financing statement in any office where Lender deems such filing necessary or desirable, and Borrower will promptly upon demand reimburse Lender for the costs therefor.

5.02. Fixture Filing. To the extent that the Mortgaged Property includes items of personal property that are or are to become fixtures under applicable

law, and to the extent permitted under applicable law, the filing of this Security Instrument in the real estate records of the county in which such Mortgaged Property is located shall also operate from the time of filing as a fixture filing with respect to such Mortgaged Property, and the following information is applicable for the purpose of such fixture filing:

(1) Name and address of the debtor:

Wells REIT, LLC - VA I
c/o Wells Real Estate Funds
6200 Corners Parkway
Suite 250
Norcross, Georgia 30092

(2) Name and address of the secured party:

SouthTrust Bank, National Association
P.O. Box 2554
Birmingham, Alabama 35290

(3) This documents covers goods or items of personal property which are or are to become fixtures upon the real estate described herein.

(4) The name of the record owner of the real estate on which such fixtures are or are to be located is Wells REIT, LLC - VA I.

Article VI - Defeasance

6.01. Defeasance Upon Payment of the Secured Obligations. This Security Instrument shall cease, terminate, and thereafter be of no further force and effect in the event that all of the Secured Obligations shall have been paid, performed, and satisfied in full. Upon such termination and at Borrower's request and expense, Lender shall execute, acknowledge, and deliver to Borrower an instrument, in proper form for recording, without warranty, releasing the lien and security interest of this Security Instrument and reconveying to Borrower the Mortgaged Property.

6.02. [Intentionally Omitted]

Article VII - Local Law Provisions

7.01. Inconsistencies. In the event of any inconsistencies or dichotomies between the terms and conditions of this Article VII and the other provisions of this Security Instrument, the terms and conditions of this Article VII shall be controlling.

7.02. Local Law Provisions. Notwithstanding anything to the contrary herein, this Security Instrument is made under and pursuant to the provisions of the Code of Virginia (the "Code"), Sections 55-59, 55-59.1 through 55-59.4, 55-60, 26-49 and 55-58.2, as amended, and shall be construed to impose and confer upon the parties hereto and Lender all rights, duties, and obligations prescribed by said Sections 55-59, 55-59.1 through 55-59.4, 55-60, 26-49, and 55-58.2, as amended, except as herein otherwise restricted, expanded or changed, including, without limitation, the following rights, duties and obligations described in short form and incorporated herein by reference pursuant to Section 55-59.2 and 55-60 of the Code:

(i) All exemptions are hereby waived.

(ii) Subject to all (call) on default.

(iii) Renewal, extension, or reinstatement permitted.

(iv) Substitution of trustee permitted.

(v) Any trustee may act.

7.03. Commercial Purpose. Borrower hereby represents and warrants that it is a business or commercial organization organized for the purpose of holding, developing and managing real estate for profit within the meaning of Section 6.1-330.76 of the Code of Virginia and further represents and warrants that the loan was made and transacted solely for the purpose of carrying on or acquiring a business or commercial investment.

Article VIII - Document Protocols

This Security Instrument is governed by the Document Protocols set forth in Exhibit A attached to the Loan Agreement, which are specifically incorporated herein as if fully set forth herein.

Article IX - Deed of Trust Provisions

9.01. Concerning Trustee. Trustee shall be under no duty to take any action hereunder except as expressly required hereunder or by law or to perform any act which would involve Trustee in any expense or liability or to institute or defend any suit in respect hereof, unless properly indemnified to Trustee's reasonable satisfaction. Trustee, by acceptance of this Security Instrument, covenants to perform and fulfill the trusts herein created. Trustee shall not be answerable or accountable hereunder except for its own willful misconduct or gross negligence, and Borrower agrees to indemnify, defend and hold Trustee harmless from and against any cost, loss, damage, liability or expense (including, without limitation, reasonable attorney's fees and disbursements) which Trustee may incur or sustain in the exercise or performance of its powers and duties hereunder. Trustee hereby waives any statutory fee and agrees to accept reasonable compensation, in lieu thereof, for any services rendered by Trustee in accordance with the terms hereof. Trustee may resign at any time upon giving at least thirty (30) days' notice to Borrower and Lender. In the event of the death, removal, resignation, refusal or inability to act of Trustee, or in its sole discretion for any reason whatsoever, Lender may, without notice and without specifying any reason therefor and without applying to any court, select and appoint a successor trustee, by an instrument recorded wherever this Security Instrument is recorded, and all powers, rights, duties and authority of Trustee, as aforesaid, shall thereupon become vested in such successor. Such substitute trustee shall not be required to give bond for the faithful performance of the duties of Trustee hereunder unless required by Lender. The procedure provided for in this paragraph for substitution of Trustee shall be in addition to and not in exclusion of any other provisions for substitution, by law or otherwise.

9.02. Trustee's Fees. Borrower shall pay all reasonable costs, fees and expenses incurred by Trustee and Trustee's agents and counsel in connection with the performance by Trustee of Trustee's duties hereunder, and all such costs, fees and expenses shall be secured by this Security Instrument.

9.03. Certain Rights. Trustee shall not be personally liable in case of entry by Trustee, or anyone entering by virtue of the powers herein granted to Trustee, upon the Mortgaged Property for debts contracted for or liability or damages incurred in the management or operation of the Mortgaged Property. Trustee shall have the right to rely on any instrument, document, or signature authorizing or supporting an action taken or proposed to be taken by Trustee hereunder, which is believed by Trustee in good faith to be genuine.

9.04. Retention of Money. All moneys received by Trustee shall, until used or applied as herein provided, be held in trust for the purposes for which they were received, but need not be segregated in any manner from any other moneys (except to the extent required by applicable law), and Trustee shall be under no liability for interest on any moneys received by Trustee hereunder.

9.05. Perfection of Appointment. If any deed, conveyance or other instrument of any nature be required from Borrower by Trustee or any substitute trustee to more fully and certainly vest in and confirm to Trustee or such substitute trustee the estates rights, powers, and duties conferred hereunder unto Trustee, then, upon request by Trustee or such substitute trustee, any and all such deeds, conveyances and instruments shall be made, executed, acknowledged, and delivered and shall be caused to be recorded and/or filed by Borrower at its sole expense.

9.06. Succession Instruments. Any substitute trustee appointed pursuant to any of the provisions hereof shall, without any further act, deed or conveyance, become vested with all the estates, properties, rights, powers, and trusts of its predecessor in the rights hereunder with like effect as if originally named as Trustee herein; but nevertheless, upon the written request of Lender or of the substitute trustee, the predecessor trustee ceasing to act shall execute and deliver any instrument transferring to such substitute trustee, upon the trusts herein expressed, all of the estates, properties, rights, powers and trusts of such predecessor trustee so ceasing to act, and shall duly assign, transfer and deliver any of the property and moneys held by such trustee to such substitute trustee.

9.07. Conveyance by Trustee. Upon receipt by Trustee of written notice from Lender that the Secured Obligations have been fully paid as provided in Section 6.01 above, Trustee shall reconvey the Mortgaged Property, without warranty, to Borrower or such Person or Persons lawfully entitled thereto.

[THE REMAINDER OF THIS PAGE WAS LEFT BLANK INTENTIONALLY]

IN WITNESS WHEREOF, Borrower has caused this Security Instrument to be signed and sealed by its duly authorized representative as of the day and year first above written.

WELLS REIT, LLC - VA I, a Georgia limited liability company

By: Wells Real Estate Investment Trust, Inc.,
a Maryland corporation
Its Sole Manager

By: /s/ Leo F. Wells, III

Name: Leo F. Wells, III

Title: President

[Affix corporate seal]

Acknowledgment

STATE OF GEORGIA)
)
COUNTY OF GWINNETT)

The foregoing instrument was acknowledged and signed before me this 15/th/ day of December, 1999, by Leo F. Wells, III as President, of Wells Real Estate Investment Trust, Inc., a Maryland corporation, which is the sole manager Wells REIT, LLC - VA I, a Georgia limited liability company.

My commission expiry: 4-21-2003

Notary Public: /s/ Judith Ann Miller

EXHIBIT 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

Space Above Reserved for Recording Information

This instrument prepared by:	Cross-reference to instruments recorded at:
Vanessa G. Morris, Esq.	Book 3739, Page 870
Burr & Forman LLP	Book 3739, Page 903
One Georgia Center - Suite 1200	Chesterfield County, Virginia
600 West Peachtree Street	
Atlanta, Georgia 30308	
(404) 815-3000	

FIRST AMENDMENT TO CREDIT LINE
DEED OF TRUST AND SECURITY AGREEMENT

THIS FIRST AMENDMENT TO CREDIT LINE DEED OF TRUST AND SECURITY AGREEMENT (this "Amendment") is entered as of December 15/th/, 2000, by and between WELLS REIT, LLC - VA I, a Georgia limited liability company ("Borrower", and "Grantor" for indexing purposes), and SOUTHTRUST BANK, an Alabama banking corporation (as successor by conversion to SouthTrust Bank, National Association, a national banking association) ("Lender", and "Grantee" for indexing purposes).

R e c i t a l s:

Borrower has heretofore executed and delivered to Lender the following security documents, each of which has been recorded with the circuit court clerk of Chesterfield County, Virginia (the "Recording Office"):

(a) Credit Line Deed of Trust and Security Agreement dated as of December 29, 1999, as recorded in the Recording Office in Book 3739 at Page 870 (the "Security Instrument"); and

(b) Assignment of Leases and Rents and Leases dated as of December 29, 1999, as recorded in the Recording Office in Book 3739, Page 903 (the "Assignment").

The Security Instrument and the Assignment (collectively, the "Security Documents") secure, among other things, a Loan which has been advanced to Borrower pursuant to a Loan Agreement described therein between Borrower and Lender (as heretofore amended, the "Original Loan Agreement"). Borrower and Lender have entered into an Amended and Restated Loan Agreement dated of even date herewith (the "Amended Loan Agreement"), pursuant to which the Original Loan Agreement is amended, restated, and reinstated.

To satisfy one of the conditions precedent set forth in the Amended Loan Agreement, Borrower desires to amend the Security Documents to reflect the amendment, restatement, and reinstatement of the Original Loan Agreement and the other documents relating to the Loan.

NOW, THEREFORE, in consideration of Ten Dollars ($10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Borrower and Lender agree as follows:

1. Defined Terms. Capitalized terms used, but not defined, in this Amendment shall have the meanings ascribed to them in the Security Instrument.

2. Amendment to Security Documents. The Security Documents are hereby amended in the following respects:

(a) All references to the "Loan" in the Security Documents shall henceforth refer to the Loan as reduced to the principal amount of $7,900,000.00. Accordingly, all references in the Security Documents to the words and figures "Nine Million Two Hundred Eighty Thousand and No/100 Dollars" and "$9,280,000.00" are hereby deleted, and the words and figures "Seven Million Nine Hundred Thousand and No/100 Dollars" and "$7,900,000.00" are hereby substituted in lieu thereof.

(b) All references to the "Loan Agreement" in the Security Documents shall henceforth refer to the Amended Loan Agreement, as the Amended Loan Agreement might hereafter be amended, extended, restated, or consolidated;

(c) All references to the "Note" in the Security Documents shall henceforth refer to the Amended and Restated Revolving Note dated of even date herewith in the stated principal amount of $7,900,000.00, as the same might hereafter be amended, renewed, extended, increased, consolidated, or restated; and

3. Confirmation of Obligations. As amended hereby, the Security Documents shall remain in full force and effect and are hereby ratified and affirmed in all respects. Any and all references to the Security Documents contained in any of the other Loan Documents shall henceforth be deemed to refer thereto as amended hereby.

4. Recordation. Borrower agrees that an original counterpart of this Amendment may be recorded with the Recording Office, and Borrower shall pay all fees and costs incurred by Lender in connection therewith.

5. Document Protocols. This Amendment shall be governed by the Document Protocols set forth in Article Nine of the Amended Loan Agreement, which are incorporated by reference into this Amendment as if fully set forth herein.

[THE REMAINDER OF THIS PAGE LEFT BLANK INTENTIONALLY]

IN WITNESS WHEREOF, the parties have executed this Amendment on the day and year first above written, with the intention that this Amendment take effect as an instrument under seal.

WELLS REIT, LLC - VA I, a Georgia limited liability company

By: Wells Real Estate Investment Trust, Inc.,
a Maryland corporation

Its Sole Manager

By: /s/ Douglas P. Williams

Name: Douglas P. Williams

Title: Executive Vice President

[Affix corporate seal]

Acknowledgment

STATE OF GEORGIA)
)
COUNTY OF GWINNETT)

The foregoing instrument was acknowledged and signed before me this 4/th/ day of December, 2000, by Douglas P. Williams as Executive Vice President of Wells Real Estate Investment Trust, Inc., a Maryland corporation, which is the sole manager of Wells REIT, LLC - VA I, a Georgia limited liability company.

My commission expiry: 6-24-2004

Notary Public: /s/ Martha Jean Cory

[EXECUTIONS CONTINUED ON FOLLOWING PAGE]

SOUTHTRUST BANK, an Alabama banking corporation, successor by conversion to SouthTrust Bank, National Association, a national banking association

By: /s/ James R. Potter

Name: James R. Potter
Title: Vice President

Acknowledgment

STATE OF GEORGIA)
)
COUNTY OF FULTON)

The foregoing instrument was acknowledged and signed before me this 15/th/ day of December, 2000, by James R. Potter, as Vice President of SouthTrust Bank, an Alabama banking corporation.

My commission expiry: 5-16-2003

Notary Public: [ILLEGIBLE]

[END OF EXECUTIONS]

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
December 14, 2000

EXHIBIT 24.1

POWER OF ATTORNEY

POWER OF ATTORNEY

Each person whose signature appears below hereby constitutes and appoints Leo F. Wells, III and Douglas P. Williams, or either of them acting singly, as his true and lawful attorney-in-fact, for him and in his name, place and stead, to execute and sign any and all amendments, including any post-effective amendments, to the Registration Statement on Form S-11 of Wells Real Estate Investment Trust, Inc. or any additional Registration Statement filed pursuant to Rule 462 and to cause the same to be filed with the Securities and Exchange Commission hereby granting to said attorneys-in-fact and each of them full power and authority to do and perform all and every act and thing whatsoever requisite or desirable to be done in and about the premises as fully to all intents and purposes as the undersigned might or could do in person, hereby ratifying and confirming all acts and things that said attorneys-in-fact or either of them may do or cause to be done by virtue of these presents.

Pursuant to the requirements of the Securities Act of 1933, as amended, this Power of Attorney has been signed below, effective as of August 18, 2000, by the following persons and in the capacities indicated below.

Signatures	Title
/s/ Leo F. Wells, III Leo F. Wells, III	President and Director (Principal Executive Officer)
/s/ Douglas P. Williams Douglas P. Williams	Executive Vice President and Director (Principal Financial and Accounting Officer)
/s/ John L. Bell John L. Bell	Director
/s/ Richard W. Carpenter Richard W. Carpenter	Director
/s/ Bud Carter Bud Carter	Director
/s/ William H. Keogler, Jr. William H. Keogler, Jr.	Director
/s/ Donald S. Moss Donald S. Moss	Director
/s/ Walter W. Sessoms Walter W. Sessoms	Director
/s/ Neil H. Strickland Neil H. Strickland	Director