

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

Annual report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 [Fee Required]

For the fiscal year ended _____ December 31, 2000 _____ or

Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 [No Fee Required]

For the transition period from to _____ to _____
Commission file number 0-25739

WELLS REAL ESTATE INVESTMENT TRUST, INC.

(Exact name of registrant as specified in its charter)

Maryland

58-2328421

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

6200 The Corners Parkway, Norcross, Georgia

30092

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code (770) 449-7800

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

Title of each class

Name of exchange on which registered

NONE

NONE

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

COMMON STOCK

(Title of Class)

COMMON STOCK

(Title of Class)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Aggregate market value of the voting stock held by nonaffiliates: _____

While there is no established market for the Registrant's shares of voting stock, the Registrant has offered and sold shares of its voting stock pursuant to a Form S-11 Registration Statement under the Securities Act of 1933 at a

price of \$10 per share. The number of shares of common stock outstanding as of February 28, 2001 was 35,055,988.

Documents Incorporated by Reference:

Registrant incorporates by reference portions of the Wells Real Estate Investment Trust, Inc. Definitive Proxy Statement for the 2001 Annual Meeting of Stockholders (Items 10, 11, 12 and 13 of Part III) to be filed no later than April 30, 2001.

PART I

ITEM 1. BUSINESS

General

Wells Real Estate Investment Trust, Inc. (the "Company") is a Maryland corporation formed on July 3, 1997. The Company is the sole general partner of Wells Operating Partnership, L.P. ("Wells OP"), a Delaware limited partnership organized for the purpose of acquiring, developing, owning, operating, improving, leasing, and otherwise managing for investment purposes, income producing commercial properties on behalf of the Company.

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. The Company received gross proceeds of approximately \$132,181,919 from the sale of approximately 13,218,192 shares from its initial public offering. The Company commenced its second public offering of shares of common stock of the Company on December 20, 1999, which was terminated on December 19, 2000. The Company received gross proceeds of approximately \$175,229,193 from the sale of approximately 17,522,919 shares from the second public offering. The Company commenced its third public offering of the shares of common stock on December 20, 2000. As of December 31, 2000, the Company had received gross proceeds of approximately \$7,686,958 from the sale of approximately 768,696 shares from its third public offering. Accordingly, as of December 31, 2000, the Wells REIT had received aggregate gross offering proceeds of approximately \$315,098,070 from the sale of 31,509,807 shares of its common stock to 7,422 investors. After payment of \$10,978,981 in Acquisition and Advisory Fees and Acquisition Expenses, payment of \$39,209,638 in selling commissions and organization and offering expenses, and capital contributions and acquisition expenditures by Wells OP of \$262,118,082 in property acquisitions and common stock redemptions of \$1,412,969 pursuant to the Company's share repurchase program, the Company was holding net offering proceeds of \$1,378,400 available for investment in properties as of December 31, 2000.

Wells OP owns interests in properties 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-XII-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 VII-IX Joint Venture.

As of December 31, 2000, Wells OP owned interests in the following properties either directly or through its interest in joint ventures: (i) a three-story

office building in Knoxville, Tennessee (the "Alstom Power-Knoxville Building"); (ii) a two-story office building in Louisville, Colorado (the "Ohmeda Building"); (iii) a three-story office building in Broomfield, Colorado (the "360 Interlocken

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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-Harrisburg Building"), which are owned directly by Wells OP; (x) a two-story manufacturing and office building located in Fountain Inn, South Carolina (the "EYBL CarTex Building"); (xi) a three-story office building located in Leawood, Kansas (the "Sprint Building"); (xii) a one-story office building and warehouse in Tredyffrin Township, Pennsylvania (the "Johnson Matthey Building"); (xiii) a two-story office building in Ft. Meyers, Florida (the "Gartner Building), all four of which are owned by Fund XI-XII-REIT Joint Venture; (xiv) a two-story office building located in Lake Forest, California (the "Matsushita Building"); (xv) a four-story office building in Richmond, Virginia (the "Alstom Power-Richmond Building"); (xvi) a two-story office building and warehouse in Wood Dale, Illinois (the "Marconi Building"); and (xvii) a five-story office building in Plano, Texas (the "Cinemark Building"); (xviii) a three-story office building in Tulsa, Oklahoma (the "Metris Building"); (xix) a two-story office building in Scottsdale, Arizona (the "Dial Building"); (xx) a two-story office building in Tempe, Arizona (the "ASML Building"); (xxi) a two-story office building in Tempe, Arizona (the "Motorola-Arizona Building"); (xxii) a two-story office building in Tempe, Arizona (the "Avnet Building"); (xxiii) a three-story office building in Troy, Michigan (the "Delphi Building"); all ten of which are owned directly by Wells OP; (xxiv) a three-story office building in Troy, Michigan (the "Siemens Building"), which is owned by the Fund XII-REIT Joint Venture; (xxv) a two-story office building in Orange County, California (the "Quest Building"), formerly the Bake Parkway Building, previously owned by Fund VIII-IX Joint Venture, which is now owned by Fund VIII-IX-REIT Joint Venture; (xxvi) a three-story office building in South Plainfield, New Jersey (the "Motorola-New Jersey Building"); (xxvii) a nine-story office building in Minnetonka, Minnesota (the "Metris Minnetonka Building"); (xxviii) a six-story office building in Houston, Texas (the "Stone and Webster Building") all three of which are owned directly by Wells OP; and (xxix) a one-story and a two-story office building (the "AT&T-Oklahoma Buildings"), which is owned by the Fund XII-REIT Joint Venture.

Employees

The Company has no direct employees. The employees of Wells Capital, Inc. (the "Advisor"), 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.

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 or indirectly by the Company. In the opinion of management of the registrant, the properties are adequately insured.

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.

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ITEM 2. PROPERTIES

The Company owns interest in 29 office buildings through its ownership in Wells OP which owns properties directly or through its interest in six joint ventures. The Company does not have control over the operations of the joint ventures; however, it does exercise significant influence. Accordingly, investment in joint venture is recorded on the equity method. As of December 31, 2000, these properties were 100% occupied.

The following table shows lease expirations during each of the next ten years for all leases as of December 31, 2000, assuming no exercise of renewal options or termination rights:

Year of Lease Expiration	Number of Leases Expiring	Square Feet Expiring	Annualized Gross Base Rent (1)	Partnership Share of Annualized Gross Base Rent (1)	Percentage of Total Square Feet Expiring	Percentage of Total Annualized Gross Base Rent
2001	0	0	\$ 0	\$ 0	0.0%	0.0%
2002	5	33,610	174,909	6,524	1.2	0.4
2003 (2)	2	69,146	1,078,252	358,188	2.4	2.7
2004 (3)	3	126,011	2,154,042	891,529	4.4	5.4
2005 (4)	2	239,975	3,070,161	2,004,452	8.4	7.6
2006 (5)	2	197,159	3,390,906	3,390,906	7.0	8.4
2007 (6)	5	460,150	6,149,746	4,487,277	16.2	15.3
2008 (7)	7	737,250	9,337,356	8,065,780	26.0	23.3
2009 (8)	2	174,105	2,098,188	1,427,305	6.1	5.2
2010 (9)	5	804,428	12,754,545	11,940,654	28.3	31.7
	33	2,841,834	\$40,208,105	\$32,572,615	100.0%	100.0%

- (1) Average monthly gross rent over the life of the lease, annualized.
- (2) Expiration of Cort Building lease--52,000 square feet.
- (3) Expiration of Fairchild Building lease--58,424 square feet and expiration of Quest Building lease--65,006 square feet.
- (4) Expiration of Ohmeda Building lease--106,750 square feet and expiration of Motorola-Arizona Building lease--133,225 square feet.
- (5) Expiration of Coca-Cola lease at the Cinemark Building--52,253 square feet and expiration of Matsushita Building lease--144,906 square feet.
- (6) Expiration of Johnson Matthey Building lease--130,000 square feet; expiration of Alstom-Knoxville Building)formerly the ABB Building) lease--55,000 square feet; expiration of Sprint Building lease--68,900 square feet; expiration of Alstom-Richmond Building lease--99,057 square feet; and expiration of Delphi Building lease--107,193 square feet.
- (7) Expiration of PWC Building lease--130,090 square feet; expiration of Gartner Building lease--62,400 square feet; expiration of EYBL CarTex Building lease--169,510 square feet; expiration of Avaya Building (formerly the Lucent Building) lease--57,186 square feet; expiration of AT&T Building lease--81,859 square feet; expiration of Dial Building lease--129,689 square feet; and expiration of SYSCO lease--Stone & Webster Building--106,516 square feet.
- (8) Expiration of Iomega Building lease--108,250 square feet and expiration of Cinemark Building lease--65,855 square feet.
- (9) Expiration of Metris Building lease--101,100 square feet; expiration of Avnet Building lease--132,070 square feet; expiration of SYSCO lease--Stone and Webster

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Building--206,048 square feet; expiration of Motorola-New Jersey

Building lease--236,710 square feet; and expiration of AT&T-Oklahoma Building lease--128,500 square feet.

The following describes the properties in which the Company owns an interest as of December 31, 2000:

Fund IX-X-XI-REIT Joint Venture

On June 11, 1998, Fund IX and Fund X Associates (the "Joint Venture"), a joint venture between the Wells Real Estate Fund IX, L.P. ("Wells Fund IX"), a Georgia public limited partnership, and Wells Real Estate Fund X, L.P. ("Wells Fund X"), a Georgia public limited partnership, was amended and restated to admit Wells Real Estate Fund XI, L.P. ("Wells Fund XI") a Georgia public limited partnership, and Wells OP. Wells Fund IX, Wells Fund X and Wells Fund XI are all Affiliates of the Company and the Advisor.

The Joint Venture, which changed its name to the Fund IX-X-XI-REIT Joint Venture, had previously acquired and owned the following three properties: (i) the ABB-Knoxville Building located in Knoxville, Knox County, Tennessee, (ii) the Ohmeda Building located in Louisville, Boulder County, Colorado, and (iii) the 360 Interlocken Building located in Broomfield, Boulder County, Colorado. On June 24, 1998, the Fund IX-X-XI-REIT Joint Venture purchased the Avaya Building, formerly the Lucent Technologies Building, located in Oklahoma City, Oklahoma County, Oklahoma. On July 1, 1998, Wells Fund X contributed the Iomega Building located in Ogden, Weber County, Utah to the Fund IX-X-XI-REIT Joint Venture.

As of December 31, 2000, Wells OP had contributed approximately \$1,421,466 for an approximate 3.7% equity interest in the Fund IX-X-XI-REIT Joint Venture. As of December 31, 2000, Wells Fund IX had an approximate 39.1% equity interest, Wells Fund X had an approximate 48.3% equity interest, and Wells Fund XI had an approximate 8.9% equity interest in the Fund IX-X-XI-REIT Joint Venture.

The Alstom Power-Knoxville Building

On March 20, 1997, the Fund IX-X Joint Venture began construction on a three-story office building containing approximately 84,404 rentable square feet (the "Alstom Power-Knoxville Building") on a 5.62-acre tract of real property in Knoxville, Knox County, Tennessee. The land purchase and construction costs totaling approximately \$8,137,994 were funded by capital contributions of \$4,177,711 by Wells Fund IX and \$3,835,000 by Wells Fund X.

Alstom Power Inc. successor in interest to ABB Environmental Systems, a subsidiary of ABB, Inc., occupied its lease space of 56,012 rentable square feet comprising approximately 67% of the building in December 1997. The initial term of the lease is 9 years and 11 months commencing in December 1997. Alstom Power has the option under its lease to extend the initial term of the lease for two consecutive five-year periods. The annual base rent payable during the initial term is \$646,250 payable in equal monthly installments of \$53,854 during the first five years and \$728,750 payable in equal monthly installments of \$60,729 during the last four years and 11 months of the initial term. The annual base rent for each extended term will be at market rental rates. In addition to the base rent, Alstom Power is required to pay additional rent equal to its share of operating expenses during the lease term.

Commencing December 1, 1999, ABB Environmental exercised its right of first refusal to lease an additional 23,992 square feet of space vacated by the Associates in September 1999. This addition increased their rentable floor area from 57,831 square feet to 81,823 square feet. On

May 19, 2000 Alstom Power, Inc. executed the third amendment to the lease agreement for the remaining 2,581 square feet of rentable floor area on the second floor of the building. Accordingly, Alstom Power now occupies 100% of the building, and will pay base rent at the same terms and conditions of their original lease.

The average effective annual rental per square foot at the Alstom Power Building was \$14.05 for 2000, \$11.82 for 1999, \$9.97 for 1998 and \$8.16 for 1997, the first year of occupancy. The occupancy rate at year-end was 100% for 2000, 98% for 1999 and 95% for 1998.

Ohmeda Building

On February 13, 1998, the Fund IX-X Joint Venture acquired a two-story office building that was completed in 1988 with approximately 106,750 rentable square feet (the "Ohmeda Building") on a 15-acre tract of land located in Louisville, Boulder County, Colorado. The purchase price for the Ohmeda Building was \$10,325,000. The Fund IX-X Joint Venture also incurred additional acquisition expenses in connection with the purchase of the Ohmeda Building, including attorneys' fees, recording fees and other closing costs. As of December 31, 2000, Wells Fund IX had contributed \$3,460,192 and Wells Fund X had contributed \$6,900,878 to this project.

The entire 106,750 rentable square feet of the Ohmeda Building is currently under a net lease date February 26, 1987, as amended by First Amendment to Lease dated December 3, 1987, as amended by Second Amendment to Lease dated October 20, 1997 (the "Lease") with Ohmeda, Inc., a Delaware corporation. The lease was assigned to the Joint Venture at the closing. The lease currently expires in January 2005, subject to (i) Ohmeda's right to effectuate an early termination of the lease under the terms and conditions described below, and (ii) Ohmeda's right to extend the lease for two additional five year periods of time at the then current market rental rates.

The monthly base rental payable under the lease is \$83,709.79 through January 31, 2003; \$87,890.83 from February 1, 2003 through January 31, 2004; and \$92,249.79 from February 1, 2004 through January 31, 2005. Under the lease, Ohmeda is responsible for all utilities, taxes, insurance and other operating costs with respect to the Ohmeda Building during the term of the lease. In addition, Ohmeda shall pay a \$21,000 per year management fee for maintenance and administrative services of the Ohmeda Building. The Fund IX-X-XI-REIT Joint Venture, as landlord, is responsible for maintenance of the roof, exterior and structural walls, foundations, other structural members and floor slab, provided that the landlord's obligation to make repairs specifically excludes items of cosmetic and routine maintenance such as the painting of walls.

The average effective annual rental per square foot at the Ohmeda Building was \$9.62 for 2000, 1999 and 1998, the first year of occupancy. The occupancy rate at year-end was 100% for 2000, 1999 and 1998.

360 Interlocken Building

On March 20, 1998, the Fund IX-X Joint Venture acquired a three-story multi-tenant office building containing approximately 51,974 rentable square feet (the "360 Interlocken Building") on a 5.1 acre tract of land in Broomfield, Boulder County, Colorado for a purchase price of \$8,275,000. excluding acquisition costs. The project was funded by capital contributions of \$6,642,466 by Wells Fund IX and \$1,674,271 by Wells Fund X.

The 360 Interlocken Building was completed in December 1996. The first floor has multiple tenants and contains 15,599 rentable square feet; the

second floor is leased to ODS Technologies, L.P. and contains 17,146 rentable square feet; and the third floor is leased to Transecon, Inc. and contains 19,229 rentable square feet. As stated, the entire third floor of the Interlocken Building containing 19,229 rentable square feet is currently under lease to Transecon and expires in October 2001, subject to Transecon's right to extend for one additional term of five years upon 180 days notice. The monthly lease rent payable under the Transecon lease is approximately \$24,000 for the initial term of the lease. Under the lease, Transecon is responsible for its share of utilities, taxes, insurance and other operating expenses with respect to the Interlocken building. In addition, Transecon has a right of first refusal under the lease for any second floor space proposed to be leased by the landlord.

The entire second floor of the Interlocken building containing 17,146 rentable square feet is currently under lease to ODS and expires in September 2003 subject to ODS's right to extend for one additional term of three years. The monthly base rent payable under the ODS lease is \$22,100 through January 1998; \$22,150 through January 1999; \$22,600 through January 2000; \$23,100 through January 2001; \$23,550 through January 2002; \$24,050 through January 2003 and \$24,550 through September 2003. 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. Under the lease, ODS is responsible for its share of utilities, taxes, insurance and other operating costs with respect to the Interlocken building.

The average effective annual rental per square foot at the 360 Interlocken Building was \$16.23 for 2000 and \$15.97 for 1999 and 1998, the first year of occupancy. The occupancy rate at year-end was 100% for 2000, 1999 and 1998.

Avaya Building (formerly the Lucent Technologies Building)

On May 30, 1997, the Fund IX-X Joint Venture entered into an agreement for the purchase and sale of real property with Wells Development Corporation ("Wells Development"), an affiliate of the Company and the Advisor, for the acquisition and development of a one-story office building containing 57,186 net rentable square feet on 5.3 acres of land (the "Avaya Building"). On June 24, 1998, the Fund IX-X-XI-REIT Joint Venture purchased this property for a purchase price of \$5,504,276. The purchase price was funded by capital contributions of \$1,421,466 by the Company, \$657,804 by Wells Fund IX, \$950,392 by Wells Fund X and \$2,482,810 by Wells Fund XI.

Avaya has occupied the entire Avaya Building. The initial term of the lease is ten years commencing January 5, 1998. Avaya has the option to extend the initial term of the lease for two additional five-year periods. The annual base rent payable during the initial term is \$508,383 payable in equal monthly installments of \$42,365 during the first five years and \$594,152 payable in equal monthly installments of \$49,513 during the second five years of the lease term. The annual base rent for each extendable term will be at market rental rates. In addition to the base rent, Avaya will be required to pay additional rent equal to its share of operating expenses during the lease term.

The average effective annual rental per square foot at the Avaya Building was \$10.19 for 2000, 1999 and 1998, the first year of occupancy. The occupancy rate at year-end was 100% for 2000, 1999 and 1998.

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Iomega Building

On July 1, 1998, Wells Fund X contributed a single story warehouse and

office building with 108,250 rentable square feet (the "Iomega Building") and was credited with making a capital contribution to the IX-X-XI-REIT Joint Venture in the amount of \$5,050,425, which represents the purchase price of \$5,025,000 plus acquisition expenses of \$25,425 originally paid by the Partnership for the Iomega Building on April 1, 1998.

The building is 100% occupied by one tenant with a ten-year lease term that expires on July 31, 2006. The monthly base rent payable under the lease is \$40,000 through November 12, 1999. Beginning on the 40th and 80th months of the lease term, the monthly base rent payable under the lease will be increased to reflect an amount equal to 100% of the increase in the Consumer Price Index (as defined in the lease) 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 annum, compounded annually, on a cumulative basis from the beginning of the lease term. The lease is a triple net lease, whereby the terms require the tenant to reimburse the IX-X-XI-REIT Joint Venture for certain operating expenses, as defined in the lease, related to the building.

On March 22, 1999, the Fund IX-X-X-REIT Joint Venture purchased a four-acre tract of vacant land adjacent to the Iomega Corporation Building located in Ogden, Utah. This site is being used for additional parking and a loading-dock area, which includes at least 400 new parking stalls and new site work for truck maneuver space, in accordance with the requirements of the tenants and the city of Ogden. The project was completed on July 31, 1999. The tenant, Iomega Corporation, has agreed to extend the term of its lease to April 30, 2009 and will pay an additional base rent, an amount equal to 13% per annum payable in monthly installments of the direct and indirect cost of acquiring the property and construction of improvements. This additional base rent commenced on May 1, 1999.

The land was purchased at a cost of \$212,000 excluding acquisition costs. The funds used to acquire the land and for the improvements are funded entirely out of capital contributions made by Wells Fund XI to the Fund IX-X-XI-REIT Joint Venture in the amount of \$874,625. The project was completed at a total cost of \$874,625.

The average effective annual rental per square foot at the Iomega Building was \$5.18 for 2000 and 1999 and \$4.60 for 1998, the first year of occupancy. The occupancy rate at year-end was 100% for 2000, 1999 and 1998.

Wells/Fremont Joint Venture - Fairchild Building

On July 15, 1998, Wells OP entered into a joint venture agreement known as Wells/Fremont Associates ("Fremont Joint Venture") with Wells Development Corporation, a Georgia Corporation ("Wells Development"). Wells Development is an affiliate of the Company and the Advisor. On July 21, 1998, the Fremont Joint Venture acquired the Fairchild Building, a 58,424 square-foot warehouse and office building located in Fremont, California (the "Fairchild Building"), for a purchase price of \$8,900,000 plus acquisition expenses of approximately \$60,000. The purchase was funded by capital contributions of \$6,900,000 by the Company, \$1,000,000 by Wells Fund X and \$1,000,000 by Wells Fund XI.

The Fairchild Building is 100% occupied by one tenant with a seven-year lease term that commenced on December 1, 1997 (with an early possession date of October 1, 1997) and expires

on November 30, 2004. The monthly base rent payable under the lease is \$68,128 with a 3% increase on each anniversary of the commencement date. The lease is a triple net lease, whereby the terms require the tenant to

reimburse the landlord for certain operating expenses, as defined in the lease, related to the building.

On July 17, 1998 a joint venture between Wells Fund X and Wells Fund XI (the "Fund X-XI Joint Venture") entered into an Agreement for the Purchase and Sale of Joint Venture Interest (the "Fremont JV Contract") with Wells Development. Pursuant to the Fremont JV Contract, the Fund X-XI Joint Venture contracted to acquire Wells Development's interest in the Fremont Joint Venture. On October 8, 1998, the Fund X-XI Joint Venture exercised its rights under the Fremont Joint Venture Contract and purchased Wells Development's interest in the Fremont Joint Venture and became a joint venture partner with Wells OP in the ownership of the Fairchild Building.

As of December 31, 2000, Wells OP had contributed \$6,983,111 and held an approximate 78% equity percentage interest in the Fremont Joint Venture, and the Fund X-XI Joint Venture held an approximate 22% equity percentage interest in the Fremont Joint Venture.

The average effective annual rental per square foot at the Fairchild Building was \$15.46 for 2000, 1999 and 1998, the first year of occupancy. The occupancy rate at year-end was 100% for 2000, 1999 and 1998.

Wells/Cort Joint Venture

In July of 1998, Wells OP entered into a joint venture agreement known as Wells/Orange County Associates ("Cort Joint Venture") with Wells Development Corporation. On July 31, 1998, the Cort Joint Venture acquired the Cort Furniture Building for a purchase price of \$6,400,000 plus acquisition expenses of approximately \$150,000. The Company contributed \$2,871,430, Wells Fund X contributed \$2,296,233 and Wells Fund XI contributed \$1,398,767 toward the purchase of this building.

The Cort Furniture Building is a 52,000 square-foot warehouse and office building located in Fountain Valley California. The building is 100% occupied by one tenant with a 15-year lease term that commenced on November 1, 1988 and expires on October 31, 2003. The monthly base rent payable under the lease is \$63,247 through April 30, 2001, at which time the monthly base rent will be increased 10% to \$69,574 for the remainder of the lease term. The lease is a triple net lease, whereby the terms require the tenant to reimburse the Cort Joint Venture for certain operating expenses, as defined in the lease, related to the building.

On July 30, 1998, the Fund X-XI Joint Venture entered into the Agreement for the Purchase and Sale of Joint Venture Interest (the "Cort JV Contract") with Wells Development. Pursuant to the Cort JV Contract, the Fund X-XI Joint Venture contracted to acquire Wells Development's interest in the Cort Joint Venture. On September 1, 1998, the Fund X-XI Joint Venture exercised its rights under the Cort JV Contract and purchased Wells Development's interest in the Cort Joint Venture and became a joint venture partner with Wells OP in the ownership of the Cort Furniture Building.

As of December 31, 2000, Wells OP had made total capital contributions of \$2,871,430 and held an approximate 44% equity percentage interest in the Cort Joint Venture, and the Fund X-XI Joint Venture held an approximate 56% equity percentage interest in the Cort Joint Venture.

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The average effective annual rental per square foot at the Cort Building was \$15.30 for 2000, 1999 and 1998, the first year of occupancy. The occupancy rate at year-end was 100% for 2000, 1999 and 1998.

The PWC Building

On December 31, 1998, Wells OP acquired a four-story office building containing approximately 130,090 rentable square feet (the "PWC Building") which was recently developed and constructed on an approximate 9 acre tract of real property located in Tampa, Hillsborough County, Florida. The total purchase price for the PWC Building pursuant to the Purchase Agreement was \$21,127,854. At the closing, Wells OP paid a purchase price of \$20,707,854 to the Seller plus \$98,609 for closing costs.

On December 31, 1998, the Seller assigned all of its rights pursuant to the Lease Agreement dated as of March 30, 1998 between the Seller, as landlord, and Price Waterhouse LLP, which has subsequently merged with Coopers & Lybrand to form PricewaterhouseCoopers ("PWC"), as tenant (such agreement, as assigned, is referred to herein as the "PWC Lease"). The PWC lease currently expires in December 2008, subject to PWC's right to extend the lease for two additional five-year periods of time.

The annual base rent payable under the PWC Lease is \$1,915,741.13 during the first year of the initial lease term. 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 all property taxes, operating expenses, and other repair and maintenance work relating to the PWC Building. PWC is also required to reimburse the landlord the cost of casualty insurance for the property. Wells OP, as landlord, is responsible for all maintenance, repairs and replacements to the roof and structural components of the PWC Building, including without limitation, the roof system, exterior walls, load bearing walls, foundations, glazing and curtain wall systems.

The average effective annual rental per square foot at the PWC Building was \$16.98 for 2000, 1999 and 1998. The occupancy rate at year-end was 100% for 2000, 1999 and 1998.

AT&T-Harrisburg Building

On February 4, 1999, Wells OP acquired a four-story office building containing approximately 81,859 rentable square feet (the "AT&T-Harrisburg Building"), on approximately 10.5 acre tract of real property located in Harrisburg, Pennsylvania for a purchase price of \$12,291,200 excluding closing costs.

Wells OP expended cash proceeds in the amount of \$6,332,100 and obtained a loan in the amount of \$6,450,000 from Bank of America, the net proceeds of which were used to fund the remainder of the purchase price of the AT&T-Harrisburg Building. The Bank of America Loan matures on January 4, 2002. The interest rate on the Bank of America Loan is a fixed rate equal to the rate appearing on Telerate Page 3750 as the London InterBank Offered Rate plus 200 basis points over a six-month period. A principal installment in the amount of \$6,150,000 was paid by Wells OP on July 22, 1999. Thereafter, Wells OP is required to make quarterly installments of principal in an amount to one-ninth of the outstanding principal balance which began October 1, 1999. The balance of this loan is \$112,937 at December 31, 2000.

The AT&T Building is leased to Pennsylvania Cellular Telephone Corp., a North Carolina corporation. At the closing of the AT&T-Harrisburg Building, the seller assigned all of its right

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to the AT&T Lease to Wells OP. The initial term of the AT&T Lease is ten years which commenced on November 17, 1998.

Pennsylvania Telephone has the option to extend the initial term of the AT&T Lease for three additional five-year periods and one additional four-year and eleven-month period. The first annual base rent payable under the lease is \$880,264. The second year annual base rent payable is

\$1,390,833. The base rent escalates at the rate of 2% per year throughout the remainder of the ten-year lease term.

Under the AT&T Lease, Pennsylvania Telephone is required to pay as additional rent all real estate taxes, special assessments, water rates and charges, sewer rates and charges, public utilities, insurance premiums, street lighting, excise levies, licenses, permits, governmental inspection fees and other governmental charges and all other charges incurred in the use, occupancy, operation, leasing, or possession of the AT&T-Harrisburg Building. In addition, Pennsylvania Telephone is responsible for all routine maintenance and repairs relating to the AT&T-Harrisburg Building. Wells OP, as landlord, is responsible for (i) maintenance, repairs and replacements to the structural components of the AT&T-Harrisburg Building, including without limitations, the roof, floor slabs, foundation walls, and footing, structural steel, exterior walls, driveways, roadways, sidewalks, curbs, parking areas, and loading areas, and (ii) making necessary capital replacements of heating, ventilation and air conditioning systems, electrical, plumbing, fire protection, and other mechanical systems in the building.

The average effective annual rental per square foot at the AT&T-Harrisburg Building was \$18.21 for 2000 and 1999. The occupancy rate at year end was 100% for 2000 and 1999, the first year of ownership.

The Marconi Building

On September 10, 1999, Wells OP acquired an office, assembly, and manufacturing building containing approximately 250,354 rentable square feet (the "Marconi Building") on a 15.3-acre tract of land located in Wood Dale, DuPage County, Illinois. Wells OP acquired the Marconi Building from Sun-Pla, a California limited partnership. The cash purchase price for the Marconi Building was \$32,630,940. In addition, Wells OP paid brokerage commissions of \$500,000 at closing. Wells OP incurred acquisition expenses in connection with the purchase of the Marconi Building, including attorneys' fees, appraisers' fees, environmental consultants' fees, and other closing costs, of approximately \$27,925.

The Marconi Building is a two-story corporate headquarters facility with 128,247 square feet of office space and 122,107 square feet of assembly and distribution space. The Marconi Building was completed in 1991 and is located at 1500 Mittel Boulevard in the Chancellory Business Park in Wood Dale, Illinois.

The entire Marconi Building is currently under a net lease agreement with Marconi dated May 31, 1991 (the "Marconi Lease"). The initial term of the Marconi Lease is 20 years which commenced in November 1991 and expires November 2011. Marconi has the right to extend the Marconi Lease for one additional five-year period of time. The extension option must be exercised by giving notice to the landlord at least 365 days prior to the expiration date of the current lease term. The annual base rent payable for the remainder of the Marconi Lease term is \$2,838,952 through November 2001, then \$3,376,746 thereafter.

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Under its lease, Marconi is responsible for repairs and maintenance of the roof, walls, structure and foundation landscaping, and the heating, ventilating, air conditioning, mechanical, electrical, plumbing, and other systems, and all other operating costs, including, but not limited to, real estate taxes, special assessments, utilities, and insurance.

The average effective annual rental per square foot at the Marconi Building was \$13.18 for 2000 and 1999. The occupancy rate at year end was 100% for 2000 and 1999, the first year of ownership.

The Cinemark Building

On December 21, 1999, Wells OP purchased a five-story office building with approximately 118,108 rentable square feet (the "Cinemark Building") located on a 3.52 acre tract of land in Plano, Collin County, Texas from CNMRK HQ Investors, L.P., a Texas limited partnership.

The purchase price paid for the Cinemark Building was \$21,800,000. Wells OP also incurred additional acquisition expenses in connection with the purchase of the Cinemark Building, including attorneys' fees, appraisal fees, and other closing costs, of approximately \$26,900.

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.

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 renew the lease for two additional periods of time upon 180 days notice. The first renewal term shall be for five years and the second renewal term shall be for ten years. The annual base rent payable for the Cinemark lease is \$1,366,491 for the first seven years and \$1,481,738 thereafter.

Under the Cinemark lease, Cinemark is required to pay as additional monthly rent its pro rata share of all electricity costs and all operating costs, including, but not limited to, garbage and waste disposal, janitorial service, security, insurance premiums, real estate taxes, assessments and other governmental levies, and such other operating costs with respect to the Cinemark Building as are consistent with other owners of first-class office buildings in Plano, Texas. In addition, Cinemark is responsible for all routine maintenance and repairs to its portion of the Cinemark Building.

The initial term of the Coca-Cola lease is seven years which commenced on December 1, 1999 and expires on November 30, 2006. Coca-Cola has the right to renew the lease for one additional five-year period of time. Coca-Cola must give written notice of its intention to exercise the renewal option at least 240 days before the expiration of the lease term.

The base rent payable for the Coca-Cola lease term is \$1,250,016 for the first year with an increase of \$52,084 each year thereafter.

Under the Coca-Cola lease, Coca-Cola is required to pay as additional monthly rent its pro rata share of all electricity costs and all operating costs, including, but not limited to, garbage and waste disposal, janitorial service, security, insurance premiums, real estate taxes, assessments and other governmental levies, and such other operating costs with respect to the Cinemark Building as are consistent with other owners of first-class office buildings in Plano, Texas. In

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addition, Coca-Cola is responsible for all routine maintenance and repairs to its portion of the Cinemark Building.

Fund XI-XII-REIT Joint Venture

On June 21, 1999, Fund XI-REIT Joint Venture, a joint venture between Wells OP and Wells Real Estate Fund XI, L.P. ("Wells Fund XI") a Delaware limited partnership, was amended and restated to admit the Wells Real Estate Fund XII, L.P. ("Wells Fund XII"), a Georgia public

limited partnership. Wells Fund XI and Wells Fund XII are all affiliates of the Company and its advisors. The Joint Venture which changed its name to Wells Fund XI-XII-REIT Joint Venture had previously acquired and owned the EYBL CarTex Building located in Greenville, South Carolina. As of December 31, 2000, the Company had contributed \$17,585,310 for an approximate 56.8% equity interest in the Fund XI-XII-REIT Joint Venture, Wells Fund XII has made capital contributions of \$5,300,000 for an approximate 17.1% equity interest, and Wells Fund XI contributed \$8,131,351 for an approximate 26.1% interest in the Fund XI-XII-REIT Joint Venture.

EYBL CarTex Building

On May 18, 1999, Wells Real Estate, LLC-SC I ("Wells LLC"), a Georgia limited liability company wholly owned by the Wells Fund XI-XII-REIT Joint Venture, acquired a manufacturing and office building located in Fountain Inn, unincorporated Greenville County, South Carolina (the "EYBL CarTex Building"). Wells LLC purchased the EYBL CarTex Building from Liberty Property Limited Partnership, a Pennsylvania limited partnership.

The rights under the Contract were assigned by the Advisor, the original purchaser under the Contract, to Wells LLC at closing. The purchase price for the EYBL CarTex Building was \$5,085,000. Wells LLC also incurred additional acquisitions expenses in connection with the purchase of the EYBL CarTex Building, including attorney's fees, recording fees and other closing costs, of approximately \$37,000.

The EYBL CarTex Building is a manufacturing and office building consisting of a total of 169,510 square feet comprised of approximately 140,580 square feet of manufacturing space, 25,300 square feet of two-story office space, and 3,360 square feet of cafeteria/training space. An addition was constructed to the EYBL CarTex Building in 1989, which consisted of an additional 64,000 square feet of warehouse space.

The entire 169,510 rentable square feet of the EYBL CarTex Building is currently under an Agreement of Lease (the "Lease") with EYBL CarTex, Inc., a South Carolina corporation ("EYBL CarTex"). The Lease was assigned to Wells LLC at the closing. The initial term of the Lease is ten years which commenced on March 1, 1998 and expires in February 2008. EYBL CarTex 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 date of the then current lease term.

The annual lease rent payable during the first four years of the lease is \$508,530 in equal monthly installments of \$42,377.50. The annual lease rent for years five and six is \$550,907.50, year seven and eight is \$593,285, and years nine and ten is \$610,236.

Under the lease, EYBL CarTex is required to pay as additional rent all real estate taxes, special assessments, utilities, taxes, insurance, and other operating costs with respect to the EYBL

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CarTex Building during the term of the Lease. In addition, EYBL CarTex is responsible for all routine maintenance and repairs to the EYBL CarTex Building. Wells LLC, as landlord, is responsible for maintenance of the footings and foundations and the structural steel columns and girders associated with the building.

Pursuant to a lease commission agreement dated February 12, 1998 between the seller and the McNamara Company, Inc., Wells LLC is required to pay on or before March 1 of each year an amount equal to \$13,787 as a brokerage fee to the McNamara Company, Inc. through March 1, 2007.

The average effective annual rental per square foot at the EYBL CarTex Building was \$3.31 for 2000 and 1999, the first year of occupancy. The occupancy rate at year end was 100% for 2000 and 1999.

The Sprint Building

On July 2, 1999, the Fund XI-XII-REIT Joint Venture acquired a three-story office building with approximately 68,900 rentable square feet (the "Sprint Building") on a 7.12-acre tract of land located in Leawood, Johnson County, Kansas, from Bridge Information Systems America, Inc.

The purchase price for the Sprint Building was \$9,500,000. The Fund XI-XII-REIT Joint Venture also incurred additional acquisition expenses in connection with the purchase of the Sprint Building, including attorney's fees, recording fees, and other closing costs, of approximately \$46,210.

The entire 68,900 rentable square feet of the Sprint Building is currently under a net lease agreement with Sprint Communications, Inc. ("Sprint") dated February 14, 1997. The landlord's interest in the lease was assigned to the Fund XI-XII-REIT Joint Venture at the closing. The initial term of the lease is ten years which commenced on May 19, 1997 and expires on May 18, 2007. Sprint has the right to extend the lease for two additional five-year periods of times. The monthly base rent payable under the lease is \$83,254.17 through May 18, 2002 and \$91,866.67 for the remainder of the lease term. The monthly base rent payable for each extended term of the lease will be equal to 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 suburban south Kansas City, Missouri, and south Johnson County, Kansas, areas.

Under the lease, Sprint is required to pay as additional rent all real estate taxes, special assessments, utilities, taxes, insurance, and other operating costs with respect to the Sprint Building during the term of the lease. In addition, Sprint is responsible for all routine maintenance and repairs including the interior mechanical and electrical systems, the HVAC system, the parking lot, and the landscaping to the Sprint Building. The Fund XI-XII-REIT Joint Venture, as landlord, is responsible for repair and replacement of the exterior, roof, foundation, and structure.

The 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 Fund 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 Fund XI-XII-REIT Joint Venture a termination payment equal to \$6.53 per square foot, or \$450,199.

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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.

The average effective annual rental per square foot at the Sprint Building was \$15.44 for 2000 and 1999, the first year of occupancy. The occupancy rate at year end was 100% for 2000 and 1999.

Johnson Matthey Building

On August 17, 1999, the Fund XI-XII-REIT Joint Venture acquired a research and development office and warehouse building (the "Johnson Matthey Building") located in Chester County, Pennsylvania, from Alliance Commercial Properties Ltd.

The purchase price paid for the Johnson Matthey Building was \$8,000,000. The Fund XI-XII-REIT Joint Venture also incurred additional acquisition expenses in connection with the purchase of the Johnson Matthey Building, including attorneys' fees, recording fees, and other closing costs, of approximately \$50,000.

The Johnson Matthey Building is a 130,000 square foot research and development office and warehouse building that was first constructed in 1973 as a multitenant facility. It was subsequently converted into a single-tenant facility in 1998. The site consists of a ten-acre tract of land located at 434-436 Devon Park Drive in the Tredyffrin Township, Chester County, Pennsylvania.

The entire 130,000 rentable square feet of the Johnson Matthey Building is currently leased to Johnson Matthey. The Johnson Matthey lease was assigned to the Fund XI-XII-REIT Joint Venture at the closing with the result that the joint venture is now the landlord under the lease. The annual base rent payable under the Johnson Matthey lease for the remainder of the lease term is as follows: year three--\$789,750, year four--\$809,250, year five--\$828,750, year six--\$854,750, year seven--\$874,250, year eight--\$897,000, year nine--\$916,500, and year ten--\$939,250.

The current lease term expires in June 2007. Johnson Matthey has the right to extend the lease for two additional three-year periods of time.

Under the lease, Johnson Matthey is required to pay as additional rent all real estate taxes, special assessments, utilities, taxes, insurance, and other operating costs with respect to the Johnson Matthey Building during the term of the lease. In addition, Johnson Matthey is responsible for all routine maintenance and repairs to the Johnson Matthey Building. The Fund XI-XII-REIT Joint Venture, as landlord, is responsible for maintenance of the footings and foundations and the structural steel columns and girders associated with the building.

Johnson Matthey has a right of first refusal to purchase the Johnson Matthey Building in the event that the Fund XI-XII-REIT Joint Venture desires to sell the building to an unrelated third party. The 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

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right of first refusal, it must purchase the Johnson Matthey Building on the same terms contained in the offer.

The average effective annual rental per square foot at the Johnson Matthey Building was \$6.67 for 2000 and 1999, the first year of occupancy. The occupancy rate at year end was 100% for 2000 and 1999.

The Gartner Building

On September 20, 1999, the Fund XI-XII-REIT Joint Venture acquired a two-story office building with approximately 62,400 rentable square feet (the "Gartner Building") on a 4.9-acre tract of land located at 12600 Gateway Boulevard in Fort Myers, Lee County, Florida, from Hogan Triad Ft. Myers I, Ltd., a Florida limited partnership.

The rights under the contract were assigned by Wells Capital, Inc., the original purchaser under the contract, to the Fund XI-XII-REIT Joint Venture at closing. The purchase price for the Gartner Building was \$8,320,000. The Fund XI-XII-REIT Joint Venture also incurred additional acquisition expenses in connection with the purchase of the Gartner Building, including attorneys' fees, recording fees, and other closing costs, of approximately \$27,600.

The entire 62,400 rentable square feet of the Gartner Building is currently under a net lease agreement with Gartner dated July 30, 1997 (the "Gartner Lease"). The landlord's interest in the Gartner Lease was assigned to the Fund XI-XII-REIT Joint Venture at the closing.

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 Gartner Lease for two additional five-year periods of time. The yearly base rent payable for the remainder of the Gartner Lease term is \$642,798 through January 2000, \$790,642 through January 2001, and thereafter will increase by 2.5% through the remainder of the Gartner Lease.

Under the Gartner Lease, Gartner is required to pay as additional rent all real estate taxes, special assessments, utilities, taxes, insurance, and other operating costs with respect to the Gartner Building during the term of the Gartner Lease. In addition, Gartner is responsible for all routine maintenance and repairs to the Gartner Building. The Fund XI-XII-REIT Joint Venture, as landlord, is responsible for repair and replacement of the roof, structure, and paved parking areas.

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

The "Small Option Building" expansion option allows Gartner the ability to expand into a separate, free-standing facility on the property containing between 30,000 and 32,000 rentable square feet to be constructed by the Fund XI-XII-REIT Joint Venture. Gartner may exercise its expansion right for the "Small Option Building" by providing notice in writing to the Fund XI-XII-REIT Joint Venture on or before February 15, 2002.

The "Large Option Building" expansion option allows Gartner the ability to expand into a separate, free-standing facility on the property containing between 60,000 and 75,000 rentable square feet to be constructed by the Fund XI-XII-REIT Joint Venture. Gartner may exercise its

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expansion right for the "Small Option Building" by providing notice in writing to the Fund XI-XII-REIT Joint Venture on or before February 15, 2002.

The average effective annual rental per square foot at the Gartner Building was \$13.68 for 2000 and 1999, the first year of occupancy. The occupancy rate at year end was 100% for 2000 and 1999.

The Matsushita Building

The Matsushita Building is a two-story office building containing 144,906 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 is 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 Metris Building

On February 11, 2000, Wells OP purchased a three-story office building with approximately 101,100 rentable square feet (the "Metris Building") on a 14.6-acre tract of land located in Tulsa, Tulsa County, Oklahoma from Meridian Tulsa, L.L.C., an Oklahoma limited company ("Meridian").

The purchase price paid for the Metris Building was \$12,700,000 excluding closing costs. The \$12,740,000 required to close the Metris Building consisted of \$4,740,000 in cash funded from a capital contribution by the Company and \$8,000,000 in loan proceeds from an

existing revolving credit facility ("Metris Loan"). The Metris Loan was originally established by Meridian with Richter-Schroeder Company, Inc. on April 8, 1999. Wells OP assumed and extended the original three-year term loan entered into by Meridian. The Metris Loan requires monthly payments of interest only and matures on February 3, 2003. The interest rate on the Metris Loan is an annual variable rate equal to the London InterBank offered rate for a 30-day period plus 175 basis points. The current interest rate under the Metris Loan is 8.53% per annum. The Metris Loan is secured by a first mortgage against the Metris Building, which was granted in connection with Meridian's original purchase of the Metris Building, and assumed by Wells OP on the date of closing.

Metris occupies all 101,100 square feet of the Metris Building pursuant to a lease agreement dated March 3, 1999, as amended on January 21, 2000. 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 renew the lease for two additional five-year periods upon one year's advance notice.

Metris is a principal subsidiary of Metris Companies, Inc. 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 annual base rent payable for the Metris lease is \$1,187,925 for the first five years and \$1,306,718 thereafter. The monthly base rent payable for the renewal terms of the Metris lease shall be equal to the 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 value rental rate determination as of twelve months prior to commencement of the renewal term. If the parties are unable to agree upon the market rate within eleven months prior to commencement of the renewal term, the market rate shall then be determined by arbitration.

Under the Metris lease, Metris is required to pay as additional monthly rent all electricity costs and all operating costs and the repair and replacement of the roof, foundation, exterior windows, load bearing items, exterior surface walls, plumbing, pipes and conduits located in the common and service areas, central heating ventilation and air conditioning systems, and electrical, mechanical and plumbing systems of the Metris Building.

For further information regarding the acquisition of the Metris Building, refer to Supplement No. 2 dated March 15, 2000 to the Prospectus of Wells Real Estate Investment Trust, Inc. dated December 20, 1999, which was filed with the Commission in Post-Effective Amendment No. 1

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to the Form S-11 Registration Statement of Wells Real Estate Investment Trust, Inc. on March 15, 2000 (Commission File No. 333-83933).

The Dial Building

On March 29, 2000, Wells OP purchased a two-story office building with approximately 129,689 rentable square feet on an 8.8-acre tract of land located at 15501 N. Dial Boulevard, Scottsdale, Maricopa County, Arizona (the "Dial Building") from Ryan Companies US, Inc. The purchase price for the Dial Building was \$14,250,000, excluding closing costs.

The entire 129,689 rentable square feet of the Dial Building is currently under a net lease agreement with Dial Corporation ("Dial").

The landlord's interest in the lease was assigned to Wells OP at the closing. The lease commenced on August 14, 1997, and the initial term expires on August 31, 2008. Dial has the right to extend the 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 lease is \$1,387,672.

Dial, a publicly traded company which is currently headquartered in the Dial Building, is one of the leading consumer product manufacturers in the United States.

For further information regarding the acquisition of the Dial Building, refer to the Form 8-K of Wells Real Estate Investment Trust, Inc. dated March 29, 2000, which was filed with the Commission on April 12, 2000 (Commission File No. 0-25739).

The ASML Building

On March 29, 2000, Wells OP purchased a two-story office building with approximately 95,133 rentable square on a 9.51-acre tract of land located at 8555 South River Parkway, Tempe, Maricopa County, Arizona (the "ASML Building") from Ryan Companies US, Inc. The purchase price of the ASML Building was \$17,355,000, excluding closing costs.

The land upon which the ASML building is situated is subject to a long-term ground lease (the "ASML Ground Lease") with Price-Elliott Research Park, Inc. and, at closing, Wells OP was assigned and assumed all the tenant's rights, duties, and obligations under the ASML Ground Lease. The ASML Ground Lease commenced August 22, 1997 and expires on December 31, 2082. The annual ground lease payment for the first 15 years of the ASML Ground Lease term is \$186,368.

The entire 95,133 rentable square feet of the ASML Building is currently under a net lease agreement (the "ASML Lease") with ASM Lithography, Inc. ("ASML"). The landlord's interest in the ASML Lease was assigned to Wells OP at the closing. The ASML Lease commenced on June 4, 1998, and expires on June 30, 2013. ASML has the right to extend the ASML Lease for two additional five year periods of time at the prevailing "market rental rate," but in no event less than the rate in force at the end of the preceding lease term. The current annual rent payable under the ASML Lease is \$1,927,788, out of which Wells OP will be required to make the annual ground lease payment described above.

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.

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For further information regarding the acquisition of the ASML Building, refer to the Form 8-K of Wells Real Estate Investment Trust, Inc. dated March 29, 2000, which was filed with the Commission on April 12, 2000 (Commission File No. 0-25739).

The Motorola-Arizona Building

On March 29, 2000, Wells OP purchased a two-story office building with approximately 133,225 rentable square feet on a 12.44-acre tract of land located at 8075 South River Parkway, Tempe, Maricopa County, Arizona (the "Motorola-Arizona Building") from Ryan Companies US, Inc. The purchase price for the Motorola-Arizona Building was \$16,000,000, excluding closing costs.

The land upon which the Motorola-Arizona Building is situated is subject to a long-term ground lease (the "Motorola Ground Lease") with the Research Park and, at closing, Wells OP was assigned and assumed all the

tenant's rights, duties and obligations under the Motorola Ground Lease. The Motorola Ground Lease commenced November 19, 1997 and expires on December 31, 2082. The annual ground lease payment for the first 15 years of the Motorola Ground Lease term is \$243,825.

The entire 133,225 rentable square feet of the Motorola-Arizona Building is currently under a net lease agreement (the "Motorola Lease") with Motorola, Inc. ("Motorola"). The landlord's interest in the Motorola Lease was assigned to Wells OP at the closing. 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 prevailing "market rental rate." The current annual rent payable under the Motorola Lease is \$1,843,834, out of which Wells OP will be required to make the annual ground lease payment described above.

The 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.

For further information regarding the acquisition of the Motorola Building, refer to the Form 8-K of Wells Real Estate Investment Trust, Inc. dated March 29, 2000, which was filed with the Commission on April 12, 2000 (Commission File No. 0-25739).

Fund XII-REIT Joint Venture

On April 10, 2000, Wells OP and Wells Fund XII entered into a Joint Venture Partnership Agreement for the purpose of acquiring, owning, leasing, operating, and managing real properties. The Joint Venture is known as the Fund XII-REIT Joint Venture Partnership ("Fund XII-REIT Joint Venture").

As of December 31, 2000, Wells Fund XII had contributed approximately \$15,687,245 for an approximate 53.2% equity interest in the Fund XII-REIT Joint Venture. Wells OP had made capital contributions of \$13,832,779 for an approximate 46.8% equity interest in the Fund XII-REIT Joint Venture.

Siemens

On May 20, 2000, the Fund XII-REIT Joint Venture acquired a three-story office building containing approximately 77,054 rentable square feet (the "Siemens Building") on a 5.3-acre

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tract of land located in Troy, Oakland County, Michigan. The purchase price for the Siemens Building was \$14,265,000 excluding acquisition costs. The purchase price was funded by capital contributions of \$7,096,245 by Wells Fund XII and \$7,096,245 by Wells OP.

The entire Siemens Building is currently under a net lease agreement with Siemens and expires on August 31, 2010. Siemens has the right to extend the lease for two additional five-year periods of time at 95% of the then current fair market rental rates.

The monthly lease rent payable under the Siemens lease for the remainder of the lease term is \$109,160 for year 1; \$111,857 for year 2; \$114,554 for year 3; \$117,251 for year 4; \$119,947 for year 5; \$122,644 for year 6; \$125,341 for year 7; \$128,038 for year 8; \$130,735 for year 9; and \$133,432 for year 10 and the first six months of year 11.

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

taxes, assessments and other governmental levies and such other operating expenses with respect to the Siemens Building. In addition, Siemens is responsible for all routine maintenance and repairs to its portion of the Siemens Building. Siemens is responsible for maintaining the common and service areas and the central heating, ventilation and air conditioning systems of the building.

The Fund XII-REIT Joint Venture, as landlord, is responsible for the repair and replacement of the roof, foundation, load bearing items, exterior surface walls, plumbing, pipes, conduits and electrical mechanical and plumbing systems of the Siemens Building. Siemens must obtain written consent from the Fund XII-REIT Joint Venture before making alterations to the premises in excess of \$100,000 in the aggregate within any 12 month period.

Under the terms of the Siemens lease, the Fund XII-REIT Joint Venture is required to reimburse Siemens for tenant improvement costs in the amount of \$1,954,516. The Fund XII-REIT Joint Venture received a credit at closing in an amount equal to this tenant improvement allowance.

Siemens has a one-time right to cancel the Siemens lease effective after the 90th month of the 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 Fund XII-REIT Joint Venture currently calculated to be approximately \$1,234,160.

The average effective annual rental per square foot at the Siemens Building was \$12.65 for 2000, the first year of occupancy. The occupancy rate at year end was 100% for 2000.

For further information regarding the acquisition of the Siemens Building, refer to Supplement No. 4 dated July 21, 2000 to the Prospectus of Wells Real Estate Investment Trust, Inc. dated December 20, 1999, which was filed with the Commission in Post-Effective Amendment No. 3 to the Form S-11 Registration Statement of Wells Real Estate Investment Trust, Inc. on September 8, 2000 (Commission File No. 333-83933).

The Avnet Building

On June 12, 2000, Wells OP purchased a two-story office building with approximately 130,070 rentable square feet on a 9.63-acre tract of land located at 8700 Price Road, Tempe, Maricopa County, Arizona (the "Avnet Building") from Ryan Companies US, Inc. The purchase price for the Avnet Building was \$13,250,000, excluding closing costs

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The land upon which the Avnet Building is situated is subject to a long-term ground lease (the "Avnet Ground Lease") with the Research Park and, at closing, Wells OP was assigned and assumed all the tenant's rights, duties and obligations under the Avnet Ground Lease which commenced November 19, 1997 and expires on December 31, 2082. The annual ground lease payment for the first 15 years of the Avnet Ground Lease term is \$230,777.

The entire Avnet Building is currently under a net lease agreement (the "Avnet Lease") with Avnet, Inc. ("Avnet"). The landlord's interest in the Avnet Lease was assigned to Wells OP at the closing. The initial term of the Avnet Lease is ten years, which expires on May 31, 2010. Avnet has the right to extend the Avnet Lease for two additional five-year periods of time. The current annual rent payable under the Avnet Lease is \$1,516,164, out of which Wells OP will be required to make the annual ground lease payment described above.

The Avnet Building is occupied by Avnet Inc., a worldwide industrial distributor of electronic components and computer products.

For additional information regarding the Avnet Building, refer to Supplement No. 4 dated July 21, 2000 to the Prospectus of Wells Real Estate Investment Trust, Inc. dated December 20, 1999, which was filed with the Commission in Post-Effective Amendment No. 3 to the Form S-11 Registration Statement of Wells Real Estate Investment Trust, Inc. on September 8, 2000 (Commission File No. 333-83933).

The Delphi Building

On June 29, 2000, Wells OP acquired a 107,193 square-foot, three-story, single-tenant office property (the "Delphi Building") fully leased long-term to a subsidiary of Delphi Automotive Systems Corporation (the "Delphi Lease"). The Delphi Building is located on a 5.52-acre tract of land in Troy, Michigan.

The \$19,800,000 acquisition is 100% owned by the Wells OP and is 100% occupied. The tenant has signed a ten-year lease. The tenant is a subsidiary of Delphi Automotive Systems Corporation, a diversified supplier of automotive parts and components. Delphi employs over 216,000 people in more than 36 countries and sells its products to every major manufacturer of light automotive vehicles in the world.

The landlord's interest in the Delphi Lease was assigned to Wells OP at the closing. The initial term of the Delphi Lease is ten years, which expires on December 31, 2010. The current annual rent payment under the Delphi Lease is \$1,715,088.

For additional information regarding the Delphi Building, refer to Supplement No. 4, dated July 21, 2000 to the Prospectus of Wells Real Estate Investment Trust, Inc. dated December 20, 1999, which was filed with the Commission in Post-Effective Amendment No. 3 to the Form S-11 Registration Statement of Wells Real Estate Investment Trust, Inc. on September 8, 2000 (Commission File No. 333-83933).

Fund VIII-IX-REIT Joint Venture

On January 10, 1997, the Fund VIII-Fund IX Joint Venture acquired a two-story office building containing approximately 65,006 rentable square feet on a 4.4-acre tract of land located at 15253 Bake Parkway, in the Irvine Spectrum planned business community in metropolitan Orange

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County, California (the "Quest Building"), formerly the Bake Parkway Building. The total consideration paid for the building was \$7,193,000 excluding acquisition expenses.

The funds used by the Fund VIII-Fund IX Joint Venture to acquire the Quest Building were derived entirely from capital contributions made to the Fund VIII-Fund IX Joint Venture by Wells Fund IX and Wells Fund VIII. Wells Fund IX and Wells Fund VIII made capital contributions of approximately \$3,608,109 and \$3,620,316, respectively, to fund the purchase of the building, for total capital contributions to the Fund VIII-Fund IX Joint Venture with respect to the Quest Building of approximately \$7,228,425.

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 Property to the Fund VIII-IX-REIT Joint Venture.

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 cost approximately \$1,231,000 and was funded by Wells OP. As of December 31, 2000, Wells OP held a 15.7% equity interest in the Fund VIII-IX-REIT Joint Venture.

On February 18, 1999, Wells Op entered into a Rental Income Guaranty Agreement with Fund VIII and Fund IX Associates, whereby Wells OP guaranteed the VIII-IX Joint Venture that it would receive rental income on 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. 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 Bake Parkway Building, Wells OP would guarantee 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. Wells OP had paid approximately \$595,000 in rental income guaranty payments to the VIII-IX Joint Venture through December 31, 2000, but has since ceased making such payments since the Bake Parkway Building is now fully leased to Quest. Our maximum liability exposure to the VIII-IX Joint Venture for rental income and building expenses potentially payable under this Rental Income Guaranty Agreement of approximately \$3,000,000 was taken into account in the economic analysis performed in making the determination to go forward with the development of the Matsushita Building. Although the lease of the Bake Parkway Building by Quest has, at least temporarily, relieved Wells OP of its obligations under the Rental Income Guaranty Agreement, we cannot, at this time, determine the amount Wells OP continues to guaranty payment under the Rental Income Guaranty Agreement and, consequently, continues to bear some risk, even though their risk has been substantially minimized by the lease with Quest. Any payment made to the VIII-IX Joint Venture under the Rental Income Guaranty Agreement will be made from investor proceeds of the Company.

The average effective rental per square foot at the Quest Building is \$13.72 for 2000, \$10.11 for 1999, and \$10.32 for 1998. The occupancy rate at year end was 100% in 2000, 1999, 1998 and 1997.

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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 99,057 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 \$11,300,000, including the cost of the land.

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 annual base rent payable under the Alstom Power lease is \$1,183,731 for the first year with an escalation of 2.5% each year thereafter.

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

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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 lease 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 average effective annual rental per square foot at the Alstom Power-Richmond Building was \$13.53 the first year of occupancy. The occupancy rate at year end was 100% for 2000.

The Motorola-New Jersey Building

The Motorola-New Jersey 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-New Jersey 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-New Jersey 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.

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

The Motorola-New Jersey 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 annual base rent payable for the initial lease term is as \$3,324,428 for years 1 through 5 and \$3,557,819 thereafter.

The Motorola lease grants Motorola a right of first refusal to purchase the Motorola-New Jersey 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

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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 average effective annual rental per square foot at the Motorola-New Jersey Building was \$14.54 for the first year of occupancy. The occupancy rate at year end was 100% for 2000.

For additional information regarding the Motorola-New Jersey Building, refer to Supplement No. 6 dated December 5, 2000 to the Prospectus of Wells Real Estate Investment Trust, Inc. dated December 20, 1999 contained in the Post Effective Amendment No. 4 to Form S-11 Registration Statement of Wells Real Estate Investment Trust, Inc. which was filed with the Commission on December 8, 2000 (Commission File No. 333-83933).

The Metris Minnetonka Building

On December 21, 2000, Wells OP purchased a nine-story office building with approximately 300,633 rentable square feet located at 10900 Wayzara

Boulevard, Minnetonka, Minnesota. Wells OP purchased the Metris Minnetonka Building from Opus Northwest, L.L.C. ("Opus"), pursuant to that certain Purchase Agreement dated October 31, 2000 ("Metris Agreement") between Opus and the Advisor. Opus is not in any way affiliated with the Wells REIT or the Advisor.

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

The Metris Minnetonka Building was completed in August 2000 and is leased to Metris as its corporate headquarters. Metris is a principal subsidiary of Metris Companies, Inc. ("Metris Companies"), a publicly traded company listed on the New York Stock Exchange which has guaranteed the Metris lease. Metris occupies all 300,633 rentable square feet of the Metris Minnetonka Building pursuant to that certain Multitenant Office Lease Agreement dated March 29, 1999. The Metris lease commenced on September 1, 2000 and has an expiration date of December 31, 2011. Metris has the right to renew the Metris lease for an additional five-year term with not less than 18 months notice prior to the expiration of the initial term at fair market rent, but in no event less than the basic rent payable in the immediate preceding period. In the event that the parties cannot agree upon the fair market rent for the renewal term, the fair market rent will be determined in accordance with the appraisal provisions of the Metris lease.

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

Dates	Annual Net Rent
September 2000 - December 2006	\$4,960,445
January 2007 - December 2009	5,576,742
January 2010 - December 2010	6,178,008
January 2011 - December 2011	6,478,641

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

Pursuant to the Metris lease, Metris is required to pay 100% of operating costs incurred by the landlord in maintaining and operating the Metris Minnetonka Building, including all property taxes, insurance premiums, maintenance and repair costs, steam, electricity, water, sewer, gas and other utility charges, fuel, lighting, window washing, janitorial services, and reasonable management fees (not to exceed 1.75% of gross revenues from the Metris Minnetonka Building), Wells OP, as the landlord, will be responsible for repair and maintenance of the foundations, exterior walls and roof of the Metris Minnetonka Building and the electrical, mechanical, plumbing, heating and air conditioning systems.

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

The average effective annual rental per square foot at the Metris Minnetonka Building was \$17.89 the first year of occupancy. The occupancy rate at year end was 100% for 2000.

For additional information regarding the Metris Minnetonka Building, refer to Supplement No. 1 dated February 5, 2001 to the Prospectus of Wells Real Estate Investment Trust, Inc. dated December 20, 2000, which was filed with the Commission in Post-Effective Amendment No. 1 to the Form S-11 Registration Statement of Wells Real Estate Investment Trust, Inc. on February 9, 2001 (Commission File No. 333-44900).

The Stone and Webster Building

On December 21, 2000, Wells OP purchased a six-story office building with approximately 312,564 rentable square feet located at 1430 Enclave Parkway, Houston, Harris County, Texas (the "Stone and Webster Building"). Wells OP purchased this building from Cardinal Paragon, Inc. ("Cardinal") pursuant to that certain Agreement of Purchase and Sale of Property between Cardinal and Wells OP. Cardinal purchased the Stone and Webster Building in a sale-leaseback transaction from Enclave Parkway Realty Inc., an affiliate of Stone and Webster, Inc. ("Stone

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and Webster"), on December 21, 2000. Cardinal is not in any way affiliated with the Wells REIT or our Advisor, Wells Capital, Inc.

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

The Guaranty Federal Loan in the amount of \$35,900,000 requires monthly payments of interest only and matures on December 20, 2001. In the event that the principal balance of the loan is not repaid in full by March 31, 2001, Wells OP is required to make a principal payment of \$6,000,000 on such date. The interest rate on the Guaranty Federal Loan is an annual variable rate equal to the London InterBank Offered Rate ("LIBOR") for a 30-day period plus 250 basis points if the principal balance of the loan is in excess of \$25,900,000; 200 basis points if the principal balance of the loan is between \$24,195,001 and \$25,900,000; and 180 basis points if the principal balance of the loan is less or equal to \$24,195,000. As of December 31, 2000, the principal balance of the Guaranty Federal Loan was \$32,400,000. The Guaranty Federal Loan is secured by a first priority mortgage against the Stone and Webster Building.

The Seller Financing consists of a \$3,000,000 loan to Wells OP from Cardinal. The Seller Financing requires the payment of the full principal balance plus accrued interest on the earlier of: (i) December

20, 2001, or (ii) the date that the Guaranty Federal Loan is repaid in full. The interest rate on the Seller Financing is 6% per annum. The Seller Financing is secured by a second priority mortgage against the Stone and Webster Building.

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

Stone and Webster occupies 206,048 rentable square feet (floors one through four) of the Stone and Webster Building under a lease between Wells OP and Stone and Webster entered into at closing. The current term of the Stone and Webster lease is ten years, which commenced on December 21, 2000, and expires on December 20, 2010. Stone and Webster has the right to extend the Stone and Webster lease for two additional five-year periods of time for a base rent equal to the greater of (i) the last year's rent, or (ii) the then-current fair market rental value. In the event that the parties cannot agree upon the fair market rental value, such value shall be determined in accordance with the appraisal procedure contained in the Stone and Webster lease. Stone and Webster is a full-service engineering and construction company offering managerial and technical resources for solving complex energy, environmental, infrastructure and industrial challenges. Stone and Webster, which was founded in 1987 as an electrical testing laboratory and consulting firm, has evolved into a global organization employing more than 5,000 people worldwide. The Stone and Webster lease is guaranteed by The Shaw Group, Inc., the parent company of Stone and Webster. The Shaw Group, Inc. is the largest supplier of fabricated piping systems and services in the world. The annual base rent payable under the Stone and Webster lease is \$4,533,056 for the first five years of the lease term and \$5,213,014 for the remainder of the lease term.

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

SYSCO currently occupies 106,516 rentable square feet of the Stone and Webster Building. The landlord's interest in the SYSCO lease was assigned to Wells OP at the closing. The initial term of the SYSCO lease is ten years, which commenced on October 1, 1998, and expires on September 30, 2008. The annual base rent payable under the SYSCO lease is \$2,130,320 for the first five years of the lease term and \$2,236,836 for the remainder of the lease term.

SYSCO is the largest marketer and distributor of food service products in North America. SYSCO operates from 101 distribution facilities and provides its products and services to about 356,000 restaurants and other users across the United States and portions of Canada.

Pursuant to the SYSCO lease, SYSCO is required to pay its proportionate share of taxes and operating costs incurred by the landlord in

maintaining and operating the Stone and Webster Building, including supplies and materials, utilities, insurance and repairs, replacements, general maintenance and wages and salaries (including management fees not to exceed 3% of gross revenues attributable to the building) of all employees engaged in maintaining and operating the Stone and Webster Building. Wells OP, as the landlord, will be responsible for maintaining the common areas of the building, the roof, foundation, exterior walls and windows, load bearing items and the central heating, ventilation and air conditioning, electrical, mechanical and plumbing systems of the building.

The average effective annual rental per square foot at the Stone and Webster Building was \$22.56 the first year of occupancy. The occupancy rate at year end was 100% for 2000.

For additional information regarding the acquisition of the Stone and Webster Building, refer to Supplement No. 1 dated February 5, 2001 to the Prospectus of Wells Real Estate Investment Trust, Inc. dated December 20, 2000, which was filed with the Commission in Post-Effective Amendment No. 1 to the Form S-11 Registration Statement of Wells Real Estate Investment Trust, Inc. on February 9, 2001 (Commission File No. 333-44900).

AT&T-Oklahoma Buildings

On December 28, 2000, the Wells Fund XII-REIT Joint Venture Partnership acquired a one-story office building and a two-story office building containing an aggregate of approximately 128,500 rentable square feet (the "AT&T-Oklahoma Buildings") on a 11.34 acre tract of land located in Oklahoma City, Oklahoma County, Oklahoma from OKC Real Estate Investments, Inc.

Wells Capital, Inc., as original purchaser under the agreement, assigned its rights under the agreement to the Fund XII-REIT Joint Venture at closing. The purchase price for the AT&T-Oklahoma Buildings was \$15,300,000. The Fund XII-REIT Joint Venture also incurred additional acquisition expenses in connection with the purchase of the AT&T-Oklahoma

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Buildings, including attorney's fees, recording fees, and other closing costs of approximately \$25,554. The purchase of the building was funded by capital contributions of \$8,591,000 by Wells Fund XII and \$6,736,554 by Wells OP.

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

AT&T is among the world's leading voice and data communications companies, serving consumers, businesses and governments worldwide. AT&T has one of the largest digital wireless networks in North America and is one of the leading suppliers of data and internet services for businesses. In addition, AT&T offers outsourcing, consulting and networking-integration to large businesses and is one of the largest direct internet access service providers for consumers in the United States.

The base rent payable for the initial lease term of the AT&T lease is as follows: Months 1 to 8--\$300,000; months 9 to 35--\$1,242,000, months 36

to 65--\$1,293,750, months 66 to 95--\$1,345,500, and months 96 to 125--\$1,437,50, all payable in equal monthly installments.

Under the AT&T lease, AT&T is required to pay, as additional monthly rent, its gas, water and electricity costs and all operating expenses, including but not limited to, garbage and waste disposal, telephone, sprinkler service, janitorial service, security, insurance premiums, all taxes, assessments and other governmental levies and such other operating expenses with respect to its portion of the AT&T-Oklahoma Buildings. In addition, AT&T is responsible for all routine maintenance and repairs to its portion of the AT&T-Oklahoma Buildings. The Fund XII-REIT Joint Venture, as landlord, will be responsible for the repair and replacement of the roof, foundation, load bearing items, exterior surface walls, plumbing, pipes, conduits and electrical, mechanical and plumbing systems of the AT&T-Oklahoma Buildings. AT&T must obtain written consent from the Fund XII-REIT Joint Venture before making any alterations to the premises in excess of \$10,000.

AT&T has a right of first offer for the space occupied by Jordan Associates, Inc. ("Jordan"), as described below, if Jordan vacates the premises before the Fund XII-REIT Joint Venture can lease the space to a third party.

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

Jordan provides businesses with advertising and related services including public relations, research, direct marketing, and sales promotion. Through this corporate office and other offices in Tulsa, St. Louis, Indianapolis, and Wausau, Wisconsin, Jordan provides services to major clients such as Bank One, Oklahoma, N.A., BlueCross & BlueShield of Oklahoma, Kraft Food

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Services, Inc., Logix Communications, and the American Dental Association. Jordan employs approximately 100 employees and has been in business for over 35 years.

The base rent payable for the initial lease term of the Jordan lease is as follows: months 1 to 60--\$294,500 and months 61 to 120--\$332,000 payable in equal monthly installments.

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

For additional information regarding the acquisition of the AT&T-Oklahoma Buildings, refer to Supplement No. 1 dated February 5, 2001 to the Prospectus of Wells Real Estate Investment Trust, Inc. dated December 20, 2000, which was filed with the Commission in Post-Effective

PART II

ITEM 5. MARKET FOR COMPANY'S COMMON STOCK AND RELATED SECURITY HOLDER MATTERS

As of February 28, 2001, the Company had 35,055,988 shares of common stock outstanding held by a total of 8,318 shareholders. The current offering price per share is \$10. There is no established public trading mark for the Company's common stock. Under the Company's Articles of Incorporation, restrictions are imposed on ownership and transfer of shares.

As set forth in the "ERISA Considerations--Annual Valuation" section of the Company's Prospectus currently effective with the SEC, until December 31, 2002, the per share net asset value shall be deemed to be the offering price of our shares, which is currently \$10.00 per share. This valuation is supported by the fact that the Company is currently selling shares to the public at a price of \$10.00 per share.

The Company will make distributions each taxable year (not including a return of capital for federal income tax purposes) equal to at least 95% of its real taxable income for taxable years prior to 2001 and 90% of its taxable income for all future years beginning with the year 2001. The Company intends to make regular quarterly dividend distributions to holders of the shares. Dividends will be made to those shareholders who are shareholders as of daily record dates selected by the Directors. Dividends will be paid on a quarterly basis.

Dividend distributions made to the shareholders during 2000 and 1999 were as follows:

Distribution for Quarter Ended	Total Cash Distributed	Investment Income	Return of Capital
March 31, 1999	\$ 628,385	\$0.174	\$0.00
June 30, 1999	1,121,457	0.175	0.00
September 30, 1999	1,646,751	0.175	0.00
December 31, 1999	2,168,330	0.175	0.00
March 31, 2000	2,634,251	0.175	0.00
June 30, 2000	3,321,189	0.181	0.00
September 30, 2000	4,477,865	0.188	0.00
December 31, 2000	5,396,113	0.188	0.00

Distribution

The fourth quarter dividend distributions, through December 15, for 2000 were paid to shareholders in December 2000. Dividends for the period from December 16, 2000 to year-end will be paid to shareholders in March 2001. Although there is no assurance, management of the Company anticipates that dividend distributions to shareholders will continue in 2001 at a level at least comparable with 2000 dividend distributions.

ITEM 6. SELECTED FINANCIAL DATA

The Company commenced active operations when it received and accepted subscriptions for a minimum of 125,000 shares on June 5, 1998.

The following sets forth a summary of the selected financial data for the fiscal year ended December 31, 2000, 1999 and 1998.

	2000	1999	1998
	-----	-----	-----
Total assets	\$398,550,346	\$143,852,290	\$42,832,573
Total revenues	23,373,206	6,495,395	395,178
Net income	8,552,967	3,884,649	334,034
Net income allocated to Shareholders	8,552,967	3,884,649	334,034
Earning per share:			
Basic and diluted	\$0.40	\$0.50	\$0.40
Cash distributions	0.73	0.70	0.31

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

The following discussion and analysis should be read in conjunction with the Selected Financial Data and the accompanying financial statements of the Company and notes thereto.

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

Liquidity and Capital Resources

General

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 filed under the Securities Act of 1933. The Company commenced active operations on June 5, 1998, when it received and accepted subscription for 125,000 shares. The Company terminated its initial public offering on December 19, 1999. The Company received gross proceeds of approximately \$132,181,919 from the sale of approximately 13,218,192 shares from its initial public offering. The Company commenced its second public offering of shares of common stock of the Wells REIT on December 20, 1999, which was terminated on December 19, 2000. The Company received gross proceeds of approximately \$175,229,193 from the sale of approximately 17,522,919 shares from the second public offering. The Company commenced its third public offering of the shares of common stock on December 20, 2000. As of December 31, 2000, the Company has received gross proceeds of approximately \$7,686,958 from the

sale of approximately 768,696 shares from its third public offering. Accordingly, as of December 31, 2000, the Company has received aggregate gross offering proceeds of approximately \$315,098,070 from the sale of 31,509,807 shares of its common stock to 7,422 investors. After payment of \$10,978,981 in Acquisition and Advisory Fees and Expenses, payment of \$39,209,638 in selling commissions and organization and offering expenses, capital contributions to joint ventures and acquisitions expenditures by Wells OP of \$262,118,082 in property acquisitions, and common stock redemptions of \$1,412,969 pursuant to the Company's share redemption program, the Company was holding net offering proceeds of \$1,378,400 available for investment in properties, as of December

31, 2000.

Gross revenues of the Company of \$23,373,206 for the year ended December 31, 2000 were attributable to rental income, interest income earned on funds held by the Company prior to the investment in properties, and income earned from joint ventures. Expenses of the Company were \$14,820,239 for the year ended December 31, 2000, and consisted primarily of depreciation, rental expenses, administrative, accounting fees, and printing expenses.

Net increase in cash and cash equivalents is primarily the result of raising \$180,387,220 in common stock capital contributions offset by acquisition and advisory fees and expenses, commissions, offering costs, capital contributions to joint ventures, and distributions received from joint ventures.

Operating cash flows are expected to increase as additional properties are added to the Company's 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 Company, 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 of 1986, as amended (the "Code").

The Company has made an election under Section 856 (c) of the Code to be taxed as a REIT under the Code beginning with its taxable year ended December 31, 1999. As a REIT for federal income tax purposes, the Company generally will not be subject to Federal income tax on income that it distributes to its stockholders. If the Company fails to qualify as a REIT in any taxable year, it will 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. However, the Company believes that it is organized and operates in such a manner as to qualify for treatment as a REIT for the year ended December 31, 2000. In addition, the Company intends to continue to operate the Company so as to remain qualified as a REIT for federal income tax purposes.

As of December 31, 2000, the Company had acquired an interest in 29 real estate properties. These properties are generating sufficient cash flow to cover the Company's operating expenses and pay dividends. The Company pays dividends 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 Board of Directors. The Company currently calculates quarterly dividends based upon daily record and dividend declaration dates so shareholders will be entitled to be paid dividends immediately upon their purchase of shares. Dividends declared during 2000 and 1999 totaled \$.73 per share and \$.70 per share, respectively.

On February 18, 1999, Wells OP entered into a Rental Income Guaranty Agreement with the Fund VIII-IX Joint Venture (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 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

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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 Wells Fund VIII-Fund IX-REIT Joint Venture (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. 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.

Wells OP had paid approximately \$595,000 in rental income guaranty payments to the VIII-IX Joint Venture through December 31, 2000, and will continue making payments in the amount of \$6,656 per month through January 2001 to cover initial rental concessions granted to Quest in order to induce Quest to rent the Quest Building. The Company's 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 the Company's financial exposure under the Rental Income Guaranty Agreement, the Company cannot, at this time, determine the amount of any future liability if Quest defaults or otherwise fails to make the required payments under its lease. Wells OP continues to guaranty payment under the Rental Income Guaranty Agreement and, consequently, continues to bear some risk, even though their risk has been substantially minimized by the lease with Quest. Payments made to the VIII-IX Joint Venture under the Rental Income Guaranty Agreement are made from capital proceeds raised and are being capitalized over the term of the lease with Matsushita Avionics for the Matsushita Building.

Cash Flows From Operating Activities

The Company's net cash provided by operating activities was \$7,319,639 in 2000, \$4,008,275 in 1999 and \$(275,549). The increase in net cash provided by operating activities was due primarily to the purchase of additional properties during 1999 and 2000.

Cash Flows From Investing Activities

The Company's net cash used in investing activities was \$249,316,460 in 2000, \$105,394,956 in 1999 and \$33,500,807 in 1998. The increase in net cash used in investing activities 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 Company's net cash provided by financing activities was \$243,365,318 in 2000, \$96,337,082 in 1999 and \$41,554,759 in 1998. The increase in net cash provided by financing activities was due primarily to the raising of additional capital and the corresponding increase in funds borrowed to purchase real properties. The Company raised \$180,387,220 in offering proceeds for fiscal year ended December 31, 2000, as compared to \$103,169,490 for fiscal year ended December 31, 1999 and \$31,540,360 for fiscal year ended December 31, 1998. In addition, the Company received loan proceeds from financing secured by properties of \$187,633,130 and repaid notes payable in the amount of \$83,899,171 for fiscal year ended December 31, 2000.

Results of Operations

As of December 31, 2000, the Company's real estate properties were 100% occupied by tenants. Gross revenues were \$23,373,206 for fiscal year ended December 31, 2000, \$6,495,395 for fiscal year ended December 31, 1999 and \$395,178 for fiscal year ended December 31, 1998. The increase in revenues was due to the purchase of additional properties during 1999 and 2000. The purchase of additional properties also resulted in an increase in operating expenses, management and leasing fees, and depreciation expense. The Company's net income also increased from \$334,034 for fiscal year ended December 31, 1998 to \$3,884,649 for fiscal year ended December 31, 1999 to \$8,552,967 for fiscal year ended December 31,

2000.

Property Operations

As of December 31, 2000, the Company owned interests in the following operational properties:

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

	For the Years Ended		
	2000	1999	1998
Revenues:			
Rental income	\$ 1,185,573	\$ 987,327	\$836,746
Interest income	73,676	58,768	20,192
	-----	-----	-----
	1,259,249	1,046,095	856,938
Expenses:			
Depreciation	394,998	537,799	475,020
Management and leasing expenses	149,378	120,325	107,338
Operating costs, net of reimbursements	(77,526)	(2,532)	(40,641)
	-----	-----	-----
	466,850	655,592	541,717
Net income	\$ 792,399	\$ 390,503	\$315,221
	=====	=====	=====
Occupied percentage	100%	98%	95%
	=====	=====	=====
Company's ownership percentage	3.7%	3.7%	3.8%
	=====	=====	=====
Cash distributed to the Company	\$ 43,995	\$ 34,965	\$ 21,965
	=====	=====	=====
Net income allocated to the Company	\$ 29,445	\$ 14,673	\$ 9,453
	=====	=====	=====

Rental income increased in 2000 over 1999 and 1998 due primarily to the increased occupancy level of the property. Other operating expenses were negative for 2000, 1999 and 1998 due to an offset of tenant reimbursements in operating costs, as well as management and leasing reimbursements. Tenants are billed an estimated amount for current year common area maintenance which is then reconciled the following year and the difference billed to the tenant. Total expenses decreased in 2000 due to a decrease in depreciation expense but increased for 1999 over 1998 due to increased depreciation and management and leasing fees as the building was leased up. The decrease in depreciation resulted from an accelerated depreciation on tenant improvement for a short-term lease in 1999 for 23,092 square feet.

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Cash distributions and net income allocated to the Company increased in 2000 over prior year levels due to a combination of increased rental income and decreased operating expenses. The Alstom Power-Knoxville Building incurred property taxes of \$63,198 for 2000, \$47,616 for 1999 and \$36,771 for 1998.

For comments on the general competitive conditions to which the property may be subject, see Item 1, Business, page 3. For additional information on tenants, etc. refer to Item 2, Properties, page 3.

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

For the Years Ended		Eleven Months
December 31		Ended
		December 31,
2000	1999	1998
-----	-----	-----

Revenues:			
Rental income	\$1,027,314	\$1,027,314	\$898,901
Expenses:			
Depreciation	326,305	326,304	299,112
Management and leasing expenses	54,482	46,911	41,688
Operating expenses, net of reimbursements	65,152	(15,183)	2,863
	445,939	358,032	343,663
Net income	\$ 581,375	\$ 669,282	\$555,238
Occupied percentage	100%	100%	100%
Company's ownership percentage	3.7%	3.7%	3.8%
Cash distribution to the Company	\$ 32,878	\$ 36,488	\$ 21,824
Net income allocated to the Company	\$ 21,600	\$ 25,103	\$ 14,691

Rental income remained stable in 2000 as compared to 1999. Operating expenses increased significantly due in part to a significant rise in real estate taxes, which stemmed 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 common area maintenance reimbursement credit to the tenant. The Ohmeda Building incurred property taxes of \$227,495 for 2000, \$249,707 for 1999 and \$143,962 for 1998.

Cash distributions and net income allocated to the Company decreased in 2000, as compared to 1999, due to decreased net income which resulted from the increase in expenses discussed above.

For comments on the general competitive conditions to which the property may be subject, see Item 1, Business, page 2. For additional information on tenants, etc. refer to Item 2, Properties, page 3.

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The 360 Interlocken Building/Fund IX-X-XI-REIT Joint Venture

	For the Years Ended December 31		Ten Months Ended December 31,
	2000	1999	1998
Revenues:			
Rental income	\$843,675	\$829,827	\$655,405
Interest income	0	0	246
	843,675	829,827	655,651
Expenses:			
Depreciation	286,680	286,680	238,299
Management and leasing expenses	108,275	73,129	55,130
Operating costs, net of reimbursements	(75,208)	42,431	(65,654)
	319,747	402,240	227,775
Net income	\$523,928	\$427,587	\$427,876
Occupied percentage	100%	100%	100%
Company ownership percentage	3.7%	3.7%	3.8%
Cash distribution to the Company	\$ 30,291	\$ 26,570	\$ 18,126

Net income allocated to the Company	\$ 19,468	\$ 16,041	\$ 12,577
	=====	=====	=====

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 common area maintenance which is then reconciled the following year and the difference billed to the tenants. Management and leasing expenses increased in 2000, as compared to 1999, due to differences in adjustments for prior year billings to tenants. The 360 Interlocken Building incurred property taxes of \$268,744 for 2000, \$244,025 for 1999 and \$96,747 for 1998.

Net income and cash distributions allocated to the Company increased in 2000, as compared to 1999, due primarily to the increase in net income.

For comments on the general competitive conditions to which the property may be subject, see Item 1, Business, page 2. For additional information on tenants, etc. refer to Item 2, Properties, page 3.

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

	For the Years Ended December 31		Seven Months Ended December 31,
	2000	1999	1998
	-----	-----	-----
Revenues:			
Rental income	\$583,009	\$583,009	\$291,508
	-----	-----	-----
Expenses:			
Depreciation	183,204	183,204	106,871
Management and leasing expenses	21,479	21,479	11,281
Operating expenses, net of reimbursements	12,753	15,809	9,883
	-----	-----	-----
	217,436	220,492	128,035
	-----	-----	-----
Net income	\$365,573	\$362,517	\$163,473
	=====	=====	=====
Occupied percentage	100%	100%	100%
	=====	=====	=====
Company's ownership percentage	3.7%	3.7%	3.8%
	=====	=====	=====
Cash distribution to the Company	\$ 18,718	\$ 18,746	\$ 15,279
	=====	=====	=====
Net income allocated to the Company	\$ 13,583	\$ 13,600	\$ 6,313
	=====	=====	=====

Rental income, depreciation, and management and leasing fees remained stable in 2000, as compared to 1999, while other operating expenses are slightly lower, due primarily to a one-time charge for consulting fees in 1999, which did not occur in 2000. The tenant is responsible for property taxes. Since the Avaya Building was purchased in June 1998, comparative income and expense figures are available for only seven months of 1998.

For comments on the general competitive conditions to which the property may be subject, see Item 1, Business, page 2. For additional information on tenants, etc., refer to Item 2, Properties, page 3.

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

	For the Years Ended December 31		Nine Months Ended December 31,
	2000	1999	1998
Revenues:			
Rental income	\$673,000	\$560,906	\$373,420
Expenses:			
Depreciation	220,248	204,925	145,975
Management and leasing expenses	29,159	24,295	16,808
Operating expenses, net of reimbursements	17,725	9,368	(4,579)
	267,132	238,588	158,204
Net income	\$405,868	\$322,318	\$215,216
Occupied percentage	100%	100%	100%
Company's ownership percentage	3.7%	3.7%	3.8%
Cash distribution to the Company	\$ 22,546	\$ 19,188	\$ 9,048
Net income allocated to the Company	\$ 15,081	\$ 12,085	\$ 5,838

Rental income increased in 2000, as compared to 1999, due to 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. Other operating expenses for 1998 are negative due to tenant reimbursement reflected in this category which includes management and leasing expense reimbursements. The Iomega Building incurred property taxes of \$76,754 for 2000, \$73,020 for 1999, and \$44,559 for 1998, the first year of occupancy.

Net income and cash distribution allocated to the Company increased in 2000, as compared to 1999, due primarily to the increase in net income.

For comments on the general competitive conditions to which the property may be subject, see Item 1, Business, page 2. For additional information on tenants, etc., refer to Item 2, Properties, page 3.

Wells/Orange County Joint Venture (Cort)

	For the Years Ended December 31		Five Months Ended December 31,
	2000	1999	1998
Revenues:			

Rental income	\$795,545	\$795,545	\$331,477
Interest income	0	0	448
	-----	-----	-----
	795,545	795,545	331,925
	-----	-----	-----
Expenses:			
Depreciation	186,564	186,565	92,087
Management and leasing expenses	30,915	30,360	12,734
Interest expense	0	0	29,472
Other operating expenses, net of reimbursements	9,104	27,667	6,218
	-----	-----	-----
	226,583	244,592	140,511
	-----	-----	-----
Net income	\$568,962	\$550,953	\$191,414
	=====	=====	=====
Occupied percentage	100%	100%	100%
	=====	=====	=====
Company's ownership percentage	43.7%	43.7%	43.7%
	=====	=====	=====
Cash distribution to the Company	\$313,953	\$306,090	\$124,435
	=====	=====	=====
Net income allocated to the Company	\$248,449	\$240,585	\$ 91,978
	=====	=====	=====

Rental income remained stable in 2000 as compared to 1999. Other operating expense decreased for the year ended December 31, 2000, as compared to 1999, due to a billing to the tenant for 2000 and 1999 insurance. Since the Cort Building was purchased in July 1998, comparable income and expense figures for the prior year are available for only five months. The tenant is responsible for property taxes.

For comments on the general competitive conditions to which the property may be subject, see Item 1, Business, page 2. For additional information on tenants, etc., refer to Item 2, Properties, page 3.

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Wells/Fremont Joint Venture (Fairchild)

	For the Years Ended December 31,		Six Months Ended December 31,
	2000	1999	1998
	-----	-----	-----
Revenues:			
Rental income	\$902,946	\$902,946	\$401,058
Interest income	0	0	3,896
	-----	-----	-----
	902,946	902,946	404,954
	-----	-----	-----
Expenses:			
Depreciation	285,527	285,526	142,720
Management and leasing expenses	36,787	37,355	16,726
Interest expense	0	0	73,919
Other operating expenses, net of reimbursements	17,499	20,891	9,670
	-----	-----	-----
	339,813	343,772	243,035
	-----	-----	-----
Net income	\$563,133	\$559,174	\$161,919
	=====	=====	=====
Occupied percentage	100%	100%	100%

	=====	=====	=====
Company's ownership percentage	77.5%	77.5%	77.5%
	=====	=====	=====
Cash distribution to the Company	\$633,374	\$611,855	\$229,864
	=====	=====	=====
Net income allocated to the Company	\$436,452	\$433,383	\$122,470
	=====	=====	=====

Rental income, net income, and cash distributions to the Partnership are relatively stable for the year ended December 31, 2000 as compared to 1999. Since the Fremont Building was purchased in July 1998, comparable income and expense figures are available for only six months of 1998. Real estate taxes and all operational expenses for the building are the responsibility of the tenant.

For comments on the general competitive conditions to which the property may be subject, see Item 1, Business, page 2. For additional information on tenants, etc. refer to Item 2, Properties, page 3.

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PWC Building

	For the Years Ended December 31,		One Month Ended December 31,
	2000	1999	1998
	-----	-----	-----
Revenues:			
Rental income	\$2,209,192	\$2,209,205	\$20,994
Interest income	0	0	14,518
	-----	-----	-----
	2,209,192	2,209,205	35,512
	-----	-----	-----
Expenses:			
Depreciation	842,152	821,492	0
Management and leasing expenses	153,903	156,471	0
Other operating expenses, net of reimbursements	(193,902)	(75,426)	11,033
Interest expense	0	158,497	0
	-----	-----	-----
	802,153	1,061,034	11,033
	-----	-----	-----
Net income	\$1,407,039	\$1,148,171	\$24,479
	=====	=====	=====
Occupied percentage	100%	100%	100%
	=====	=====	=====
Company's ownership percentage	100%	100%	100%
	=====	=====	=====
Cash generated to the Company	\$2,014,048	\$1,706,048	\$24,479
	=====	=====	=====
Net income generated to the Company	\$1,407,039	\$1,148,171	\$24,479
	=====	=====	=====

Rental income has remained stable in 2000 as compared to 1999. Other operating expenses are negative due to increased common area maintenance billings in 2000. Management and leasing fee reimbursement is also included in other operating expenses. Tenants are billed an estimated amount for current year common area maintenance which is then reconciled the following year, and the difference

billed to the tenants. There was no interest in 2000, as compared to 1999, as the note related to this building was paid in the first quarter of 1999.

Since the PWC Building was purchased in December 1998, comparable income and expense figures are available for only one month of 1998. The PWC Building incurred property taxes of \$289,281 for 2000 and \$295,146 for 1999.

For comments on the general competitive conditions to which the property may be subject, see Item 1, Business, page 2. For additional information on tenants, etc. refer to Item 2, Properties, page 3.

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AT&T-Harrisburg Building

	Year Ended ----- December 31, ----- 2000	Eleven Months Ended December 31, ----- 1999
Revenues:		
Rental income	\$1,366,503	\$1,366,504
Expenses:		
Depreciation	482,981	442,724
Management and leasing expenses	72,526	48,716
Other operating expenses	117	13,510
Interest expense	11,878	209,643
	----- 567,502	----- 714,593
Net income	\$ 799,001	\$ 651,911
	-----	-----
Occupied percentage	100%	100%
	-----	-----
Company's ownership percentage	100%	100%
	-----	-----
Cash generated to the Company	\$1,270,121	\$ 886,439
	-----	-----
Net income generated to the Company	\$ 799,001	\$ 651,911
	-----	-----

Since the AT&T Building was purchased in February 1999, comparable income and expense figures for the prior year are available for only 11 months of 1999. Under the terms of the lease, the tenant is responsible for all utilities, property taxes, and other operating expenses.

For comments on the general competitive conditions to which the property may been subject, see Item 1, Business, page 2. For additional information on tenants, etc. refer to Item 2, Properties, page 3.

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

	Year Ended ----- December 31, ----- 2000	Eight Months Ended December 31, ----- 1999
Revenues:		
Rental income	\$560,355	\$350,221
Interest income	2,814	0
	----- 563,169	----- 350,221
Expenses:		
Depreciation	199,602	133,072

Management and leasing expenses	36,896	20,384
Operating expenses, net of reimbursements	21,243	10,868
	-----	-----
	257,741	164,324
	-----	-----
Net income	\$305,428	\$185,897
	=====	=====
Occupied percentage	100%	100%
	-----	-----
Company's ownership percentage	56.8%	56.8%
	-----	-----
Cash distributed to the Company	\$258,252	\$169,278
	=====	=====
Net income allocated to the Company	\$173,369	\$109,724
	=====	=====

Since the EYBL CarTex Building was purchased in May 1999, comparative income and expense figures was available for only eight months of 1999.

For comments on the general competitive conditions to which the property may be subject, see Item 1, Business, page 2. For additional information on tenants, etc. refer to Item 2, Properties, page 3.

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

	Year Ended ----- December 31 ----- 2000 -----	Six Months Ended December 31, 1999 -----
Revenues:		
Rental income	\$1,063,988	\$531,993
	-----	-----
Expenses:		
Depreciation	327,114	163,553
Management and leasing expenses	44,957	18,732
Operating expenses, net of reimbursements	20,095	6,069
	-----	-----
	392,166	188,354
	-----	-----
Net income	\$ 671,822	\$343,639
	=====	=====
Occupied percentage	100%	100%
	-----	-----
Company's ownership percentage	56.8%	56.8%
	-----	-----
Cash distributed to the Company	\$ 530,165	\$269,824
	=====	=====
Net income allocated to the Company	\$ 381,346	\$196,425
	=====	=====

Real estate taxes and primarily all operational expenses for the building are the responsibility of the tenant.

Since the Sprint Building was purchased in July 1999, comparative income and expense figures are available for only six months of 1999.

For comments on the general competitive conditions to which the property may be subject, see Item 1, Business, page 2. For additional information on tenants, etc refer to Item 2, Properties, page 3.

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

	Year Ended ----- December 31, ----- 2000	Five Months Ended December 31, ----- 1999
Revenues:		
Rental income	\$867,646	\$325,368
Expenses:		
Depreciation	255,475	106,461
Management and leasing expenses	36,194	11,846
Operating expenses, net of reimbursements	12,926	4,841
	----- 304,595	----- 123,148
Net income	\$563,051	\$202,220
	-----	-----
Occupied percentage	100%	100%
	-----	-----
Company's ownership percentage	56.8%	56.8%
	-----	-----
Cash distributed to the Company	\$425,937	\$169,381
	-----	-----
Net income allocated to the Company	\$319,604	\$113,483
	-----	-----

Since the Johnson Matthey Building was purchased in August 1999, comparative income and expense figures are available for only five months of 1999. Real estate taxes are the responsibility of the tenant.

For comments on the general competitive conditions to which the property may be subject, see Item 1, Business, page 2. For additional information on tenants, etc refer to Item 2, Properties, page 3.

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

	Year Ended ----- December 31, ----- 2000	Four Months Ended December 31, ----- 1999
Revenues:		
Rental income	\$853,943	\$235,863
Expenses:		
Depreciation	310,490	103,496
Management and leasing expenses	39,189	8,268
Other operating expenses, net of reimbursements	(33,991)	2,783
	----- 315,688	----- 114,547
Net income	\$538,255	\$121,316
	-----	-----
Occupied percentage	100%	100%
	-----	-----
Company's ownership percentage	56.8%	56.8%
	-----	-----
Cash distribution to the Company	\$438,852	\$ 95,307
	-----	-----
Net income allocated to the Company	\$305,529	\$ 68,863
	-----	-----

Other operating expenses are negative due to an offset of tenant reimbursements in operating costs both for 2000 as well as the fourth quarter of 1999. Since the Gartner Building was purchased in September 1999, the Company could not estimate the amount to be billed for 1999 until the first quarter of 2000. The Gartner Building incurred property taxes of \$7,260 on the undeveloped lot for

2000.

Since the Gartner Building was purchased in September 1999, comparative income and expense figures are available for only four months of 1999.

For comments on the general competitive conditions to which the property may be subject, see Item 1, Business, page 2. For additional information on tenants, etc refer to Item 2, Properties, page 3.

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Marconi Building

	Year Ended ----- December 31, ----- 2000 -----	Four Months Ended December 31, 1999 -----
Revenues:		
Rental income	\$3,300,464	\$1,090,425
Expenses:		
Depreciation	1,173,404	391,134
Management and leasing expenses	145,295	52,295
Other operating expenses	23,738	6,695
	-----	-----
	1,342,437	450,124
Net income	\$1,958,027	\$ 640,301
	=====	=====
Occupied percentage	100%	100%
	=====	=====
Company's generated percentage	100%	100%
	=====	=====
Cash generated to the Company	\$2,687,460	\$ 829,259
	=====	=====
Net income generated to the Company	\$1,958,027	\$ 640,301
	=====	=====

Since the Marconi Building was purchased in September 1999, comparable income and expense figures are available for only four months of 1999. Under the terms of the lease, the tenant is responsible for all utilities, property taxes, and other operating expenses.

For comments on the general competitive conditions to which the property may be subject, see Item 1, Business, page 2. For additional information on tenants, etc. refer to Item 2, Properties, page 3.

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The Matsushita Building

	Year Ended ----- December 31, ----- 2000 -----
Revenues:	
Rental income	\$2,001,867
Expenses:	
Depreciation	995,939
Management and leasing expenses	188,066
Other operating expenses	73,882

	1,257,887

Net income	----- \$ 743,980 =====
Occupied percentage	----- 100% =====
Company's ownership percentage	----- 100% =====
Cash generated to the Company	----- \$1,592,171 =====
Net income generated to the Company	----- \$ 743,980 =====

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 Matsushita Building incurred property taxes of \$105,533 for 2000.

For comments on the general competitive conditions to which the property may be subject, see Item 1, Business, page 2. For additional information on tenants, etc. refer to Item 2, Properties, page 3.

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Cinemark Building

	Year Ended ----- December 31, ----- 2000 -----	One Month Ended December 31, 1999 -----
Revenues:		
Rental income	\$2,805,393	\$ 82,059
Interest income	8,863	0
	----- 2,814,256 -----	----- 82,059 -----
Expenses:		
Depreciation	848,962	70,753
Management and leasing expenses	137,311	262
Other operating expenses	669,855	35,222
	----- 1,656,128 -----	----- 106,237 -----
Net income (loss)	----- \$1,158,128 =====	----- \$ (24,178) =====
Occupied percentage	----- 100% =====	----- 100% =====
Company's ownership percentage	----- 100% =====	----- 100% =====
Cash generated to the Company	----- \$1,818,281 =====	----- \$ 42,467 =====
Net income (loss) generated to the Company	----- \$1,158,128 =====	----- \$ (24,178) =====

Since the Cinemark Building was purchased in December 1999, comparable income and expense figures are available for only one month of 1999. The Cinemark Building incurred property taxes of \$447,485 for 2000 and \$6,181 for 1999.

For comments on the general competitive conditions to which the property may be subject, see Item 1, Business, page 2. For additional information on tenants, etc. refer to Item 2, Properties, page 3.

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The Metris Tulsa Building

	Eleven Months ----- Ended ----- December 31, ----- 2000 -----
Revenues:	
Rental income	\$1,098,961 -----
Expenses:	
Depreciation	439,093
Management and leasing expenses	47,466
Other operating expenses	15,345 -----
	501,904 -----
Net income	\$ 597,057 =====
Occupied percentage	100% =====
Company's ownership percentage	100% =====
Cash generated to the Company	\$ 998,096 =====
Net income generated to the Company	\$ 597,057 =====

Since the Metris Tulsa Building was purchased in February 2000, comparable income and expense figures for the prior year are not available. Under the terms of the lease, the tenant is responsible for property taxes.

For comments on the general competitive conditions to which the property may be subject, see Item 1, Business, page 2. For additional information on tenants, etc. refer to Item 2, Properties, page 3.

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The Dial Building

	Ten Months ----- Ended ----- December 31, ----- 2000 -----
Revenues:	

Rental income	\$1,051,945
Expenses:	
Depreciation	371,685
Management and leasing expenses	47,338
Other operating expenses	50,304

	469,327

Net income	\$ 582,618
	=====
Occupied percentage	100%
	=====
Company's ownership percentage	100%
	=====
Cash generated to the Company	\$ 994,263
	=====
Net income generated to the Company	\$ 582,618
	=====

Since the Dial Building was purchased in March 2000, comparable income and expense figures for the prior year are not available. Under the terms of the lease, the tenant is responsible for property taxes.

For comments on the general competitive conditions to which the property may be subject, see Item 1, Business, page 2. For additional information on tenants, etc. refer to Item 2, Properties, page 3.

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The ASML Building

	Ten Months

	Ended

	December 31,

	2000

Revenues:	
Rental income	\$1,776,174
Expenses:	
Depreciation	589,600
Management and leasing expenses	81,737
Other operating expenses	201,202

	872,539

Net income	\$ 903,635
	=====
Occupied percentage	100%
	=====
Company's ownership percentage	100%
	=====
Cash generated to the Company	\$1,242,267
	=====
Net income generated to the Company	\$ 903,635
	=====

Since the ASML Building was purchased in March 2000, comparable income and expense figures for the prior year are not available. Under the terms of the ground lease, Price-Elliott Research Park is responsible for the property taxes.

For comments on the general competitive conditions to which the property may be subject, see Item 1, Business, page 2. For additional information on tenants, etc. refer to Item 2, Properties, page 3.

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The Motorola Tempe Building

	Ten Months ----- Ended ----- December 31, ----- 2000 -----
Revenues:	
Rental income	\$1,472,371 -----
Expenses:	
Depreciation	550,166
Management and leasing expenses	65,377
Other operating expenses	230,156 -----
	845,699 -----
Net income	\$ 626,672 =====
Occupied percentage	100% =====
Company's ownership percentage	100% =====
Cash generated to the Company	\$1,134,678 =====
Net income generated to the Company	\$ 626,672 =====

Since the Motorola Building was purchased in March 2000, comparable income and expense figures for the prior year are not available. Under the terms of the ground lease, Price-Elliott Research Park is responsible for the property taxes.

For comments on the general competitive conditions to which the property may be subject, see Item 1, Business, page 2. For additional information on tenants, etc. refer to Item 2, Properties, page 3.

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Siemens Building/Fund XII-REIT Joint Venture

Nine Months ----- Ended ----- December 31, -----

	2000

Revenues:	
Rental income	\$974,796
Interest income	2,069

	976,865

Expenses:	
Depreciation	324,732
Management and leasing expenses	32,756
Operating costs, net of reimbursements	5,127

	362,615

Net income	\$614,250
	=====
Occupied percentage	100%
	=====
Company's ownership percentage	46.8%
	=====
Cash distributed to the Company	\$401,330
	=====
Net income allocated to the Company	\$305,060
	=====

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

For comments on the general competitive conditions to which the property may be subject, see Item 1, Business, page 2. For additional information on tenants, etc. refer to Item 2, Properties, page 3.

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The Avnet Building

	Seven Months

	Ended

	December 31,

	2000

Revenues:	
Rental income	\$975,485

Expenses:	
Depreciation	315,153
Management and leasing expenses	38,711
Other operating expenses	138,921

	492,785

Net income	\$482,700
	=====
Occupied percentage	100%
	=====
Company's ownership percentage	100%
	=====
Cash generated to the Company	\$661,454

Net income generated to the Company

=====
\$482,700
=====

Since the Avent Building was purchased in June 2000, comparable income and expense figures for the prior year are not available. Under the terms of the ground lease, Price-Elliott Research Park is responsible for property taxes.

For comments on the general competitive conditions to which the property may be subject, see Item 1, Business, page 2. For additional information on tenants, etc. refer to Item 2, Properties, page 3.

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The Delphi Building

	Seven Months ----- Ended ----- December 31, ----- 2000 -----
Revenues:	
Rental income	\$1,049,151 -----
Expenses:	
Depreciation	458,563
Management and leasing expenses	43,852
Other operating expenses	12,633 -----
	515,048 -----
Net income	\$ 534,103 =====
Occupied percentage	100% =====
Company's ownership percentage	100% =====
Cash generated to the Company	\$ 918,010 =====
Net income generated to the Company	\$ 534,103 =====

Since the Delphi Building was purchased in June 2000, comparable income and expense figures for the prior year are not available. The Delphi Building incurred property taxes of \$175,966 for 2000.

For comments on the general competitive conditions to which the property may be subject, see Item 1, Business, page 2. For additional information on tenants, etc. refer to Item 2, Properties, page 3.

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

	Six Months ----- Ended ----- December 31, ----- 2000 -----
Revenues:	
Rental income	\$563,049 -----
Expenses:	
Depreciation	187,891
Management and leasing expenses	54,396
Other operating expenses	10,869 -----
	235,156 -----
Net income	\$309,893 =====
Occupied percentage	100.0% =====
Company's ownership percentage	15.7% =====
Cash distributed to the Company	\$ 30,447 =====
Net income allocated to the Company	\$ 24,887 =====

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 Quest Building (formerly the Bake Parkway Building) to the Fund VIII-IX-REIT Joint Venture. The Quest Building is a two-story office building containing approximately 65,006 rentable square feet on a 4.4 acre tract of land in Irvine, California.

A 42-month lease for the entire Quest 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 cost approximately \$1,231,000 and was funded by the Company. The Company began participating in cash distributions and net income on July 1, 2000. Property taxes are the responsibility of the tenant.

For comments on the general competitive conditions to which the property may be subject, see Item 1, Business, page 2. For additional information on tenants, etc. refer to Item 2, Properties, page 3.

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The Alstom Power Richmond Building

Six Months ----- Ended ----- September 30, -----

	----- 2000 -----
Revenues:	
Rental income	\$533,309 -----
Expenses:	
Depreciation	302,713
Management and leasing expenses	81,049
Other operating expenses	(9,678) -----
	374,084 -----
Net income	\$159,225 =====
Occupied percentage	100% =====
Company's ownership percentage	100% =====
Cash generated to the Company	\$497,469 =====
Net income generated to the Company	\$159,225 =====

Since the Alstom Building was completed in July 2000, comparable income and expense figures for the prior period are not available. The Alstom Building incurred property taxes of \$27,037 for 2000.

For comments on the general competitive conditions to which the property may be subject, see Item 1, Business, page 2. For additional information on tenants, etc. refer to Item 2, Properties, page 3.

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The Motorola-New Jersey Building

	----- Two Months Ended ----- December 31, ----- 2000 -----
Revenues:	
Rental income	\$573,520 -----
Expenses:	
Depreciation	114,250
Management and leasing expenses	24,933
Other operating expenses	14,608 -----
	153,791 -----
Net income	\$419,729 =====
Occupied percentage	100% =====
Company's ownership percentage	100% =====
Cash generated to the Company	\$523,264 =====

Net income generated to the Company

\$419,729
=====

Since the Motorola building was purchased in November 2000, comparable income and expense figures for the prior year are not available. Property taxes are the responsibility of the tenant.

For comments on the general competitive conditions to which the property may be subject, see Item 1, Business, page 2. For additional information on tenants, etc. refer to Item 2, Properties, page 3.

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The Metris Minnetonka Building

	One Month ----- Ended ----- December 31, ----- 2000 -----
Revenues:	
Rental income	\$146,680 -----
Expenses:	
Depreciation	150,507
Other operating expenses	(38,450) -----
	112,057 -----
Net income	\$ 34,623 =====
Occupied percentage	100% =====
Company's ownership percentage	100% =====
Cash generated to the Company	\$195,487 =====
Net income generated to the Company	\$ 34,623 =====

Since the Metris Minnetonka Building was purchased in December 2000, comparable income and expense figures for the prior year are not available. The Metris Minnetonka Building incurred property taxes of \$1,669 for 2000.

For comments on the general competitive conditions to which the property may be subject, see Item 1, Business, page 2. For additional information on tenants, etc. refer to Item 2, Properties, page 3.

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The Stone and Webster Building

One Month

	Ended ----- December 31, ----- 2000 -----
Revenues:	
Rental income	\$197,035 -----
Expenses:	
Depreciation	126,383
Other operating expenses	6,389 -----
	132,772 -----
Net income	\$ 64,263 =====
Occupied percentage	100% =====
Company's ownership percentage	100% =====
Cash generated to the Company	\$197,035 =====
Net income generated to the Company	\$ 64,263 =====

Since the Stone and Webster Building was purchased in December 2000, comparable income and expense figures for the prior year are not available. The Stone and Webster Building incurred property taxes of \$6,389 for 2000.

For comments on the general competitive conditions to which the property may be subject, see Item 1, Business, page 2. For additional information on tenants, etc. refer to Item 2, Properties, page 3.

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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 the majority of tenant leases to protect the Company from the impact of inflation. These leases contain common area maintenance charges (CAM charges), real estate tax and insurance reimbursements on a per square foot bases, or in some cases, annual reimbursement of operating expenses above a certain per square foot allowance. These provisions should reduce the Company's exposure to increases in costs and operating expenses resulting from inflation.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The Financial Statements of the Registrant and supplementary data are detailed under Item 14(a) and filed as part of the report on the pages indicated.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

There were no disagreements with the Company's accountants or other reportable events during 2000.

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE COMPANY.

The information required by this Item is incorporated by reference to the Company's Definitive Proxy Statement to be filed with the Commission for its annual stockholders' meeting to be held on June 27, 2001.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this Item is incorporated by reference to the Company's Definitive Proxy Statement to be filed with the Commission for its annual stockholders' meeting to be held on June 27, 2001.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information required by this Item is incorporated by reference to the Company's Definitive Proxy Statement to be filed with the Commission for its annual stockholders' meeting to be held on June 27, 2001.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information required by this Item is incorporated by reference to the Company's Definitive Proxy Statement to be filed with the Commission for its annual stockholders' meeting to be held on June 27, 2001.

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PART III

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

- (a)1. The financial statements are contained on pages F-2 through F-34 of this Annual Report on Form 10-K, and the list of the financial statements contained herein is set forth on page F-1, which is hereby incorporated by reference.
- (a)2. Financial statement Schedule III
- Information with respect to this item begins on page S-1 of this Annual Report on Form 10-K.
- (a)3. The Exhibits filed in response to Item 601 of Regulation S-K are listed on the Exhibit Index attached hereto.
- (b) The Company filed a Current Report on Form 8-K dated December 21, 2000 and an Amendment No. 1 to Current Report on Form 8-K/A dated December 21, 2000, reporting the acquisitions of the Stone & Webster Building located in Houston, Texas and the Metris Minnetonka Building located in Minnetonka, Minnesota.
- (c) The exhibits filed in response to Item 601 of Regulation S-K are listed on the Exhibit Index attached hereto.
- (d) See (a) 2 above.

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SIGNATURES

Pursuant to the requirements of Sections 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized this 28th day of March 2001.

Wells Real Estate Investment Trust, Inc.
(Registrant)

By: /s/Leo F. Wells, III

Leo F. Wells, III

President and Director

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following person on behalf of the registrant and in the capacity as and on the date indicated.

Signature	Title	Date
/s/Leo F. Wells, III Leo F. Wells, III	President and Director (Principal Executive Officer)	March 28, 2001
/s/Walter W. Sessoms Walter W. Sessoms	Director	March 28, 2001
/s/John L. Bell John L. Bell	Director	March 28, 2001
/s/Richard W. Carpenter Richard W. Carpenter	Director	March 28, 2001
/s/Bud Carter Bud Carter	Director	March 28, 2001
/s/Donald S. Moss Donald S. Moss	Director	March 28, 2001
/s/Neil H. Strickland Neil H. Strickland	Director	March 28, 2001
/s/Williams H. Keogler, Jr. William H. Keogler, Jr.	Director	March 28, 2001
/s/Douglas P. Williams Douglas P. Williams	Executive Vice President (Principal Financial and Accounting Officer)	March 28, 2001

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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, 2000 and 1999 and the related consolidated statements of income, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2000. These financial statements and the schedule referred to below are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements and schedule based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and schedule are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Wells Real Estate Investment Trust, Inc. and subsidiary as of December 31, 2000 and 1999 and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2000 in conformity with accounting principles generally accepted in the United States.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. Schedule III--Real Estate Investments and Accumulated Depreciation as of December 31, 2000 is presented for purposes of complying with the Securities and Exchange Commission's rules and is not part of the basic financial statements. This schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly states in all material respects the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

ARTHUR ANDERSEN LLP

Atlanta, Georgia
January 30, 2001

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WELLS REAL ESTATE INVESTMENT TRUST, INC.

AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2000 AND 1999

ASSETS	2000	1999
	-----	-----
REAL ESTATE ASSETS, at cost:		
Land	\$ 46,237,812	\$ 14,500,822
Building, less accumulated depreciation of \$9,469,653 and \$1,726,102 at December 31, 2000 and 1999, respectively	287,862,655	81,507,040
Construction in progress	3,357,720	12,561,459
	-----	-----
Total real estate assets	337,458,187	108,569,321
INVESTMENT IN JOINT VENTURES	44,236,597	29,431,176
CASH AND CASH EQUIVALENTS	4,298,301	2,929,804

ACCOUNTS RECEIVABLE	3,356,428	898,704
DEFERRED LEASE ACQUISITION COSTS	1,890,332	0
DEFERRED OFFERING COSTS	1,291,376	964,941
DEFERRED PROJECT COSTS	550,256	28,093
DUE FROM AFFILIATES	734,286	648,354
PREPAID EXPENSES AND OTHER ASSETS, net	4,734,583	381,897
Total assets	<u>\$398,550,346</u>	<u>\$143,852,290</u>
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES:		
Notes payable	\$127,663,187	\$ 23,929,228
Accounts payable and accrued expenses	2,166,387	224,721
Deferred rental income	381,194	236,579
Dividends payable	1,025,010	2,166,701
Due to affiliate	1,772,956	1,079,466
Total liabilities	<u>133,008,734</u>	<u>27,636,695</u>
	-----	-----
COMMITMENTS AND CONTINGENCIES		
MINORITY INTEREST OF UNIT HOLDER IN OPERATING PARTNERSHIP	200,000	200,000
	-----	-----
SHAREHOLDERS' EQUITY:		
Common shares, \$.01 par value; 125,000,000 shares authorized, 31,509,807 shares issued and 31,368,510 shares outstanding at December 31, 2000, and 13,471,085 shares issued and outstanding at December 31, 1999	315,097	134,710
Additional paid-in capital	266,439,484	115,880,885
Treasury stock, at cost, 141,297 shares at December 31, 2000 and 0 shares at December 31, 1999	(1,412,969)	0
Total shareholders' equity	<u>265,341,612</u>	<u>116,015,595</u>
	-----	-----
Total liabilities and shareholders' equity	<u>\$398,550,346</u>	<u>\$143,852,290</u>
	=====	=====

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

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WELLS REAL ESTATE INVESTMENT TRUST, INC.

AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF INCOME

FOR THE YEARS ENDED DECEMBER 31, 2000, 1999, AND 1998

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

NET INCOME	\$ 8,552,967	\$3,884,649	\$ 334,034
EARNINGS PER SHARE:			
Basic and diluted	\$ 0.40	\$ 0.50	\$ 0.40

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

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WELLS REAL ESTATE INVESTMENT TRUST, INC.

AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2000, 1999, AND 1998

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

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

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WELLS REAL ESTATE INVESTMENT TRUST, INC.

AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2000, 1999, AND 1998

	2000	1999	1998
	----	----	----
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	\$ 8,552,967	\$ 3,884,649	\$ 334,034
Adjustments to reconcile net income to net cash provided by (used in) operating			

activities:			
Equity in income of joint ventures	(2,293,873)	(1,243,969)	(263,315)
Depreciation	7,743,551	1,735,024	0
Amortization of deferred financing costs	232,559	0	0
Changes in assets and liabilities:			
Accounts receivable	(2,457,724)	(898,704)	0
Due from affiliates	(435,600)	0	0
Prepaid expenses and other assets, net	(6,475,577)	149,501	(540,319)
Accounts payable and accrued expenses	1,941,666	36,894	187,827
Deferred rental income	144,615	236,579	0
Due to affiliates	367,055	108,301	6,224
	-----	-----	-----
Total adjustments	(1,233,328)	123,626	(609,583)
	-----	-----	-----
Net cash provided by (used in) operating activities	7,319,639	4,008,275	(275,549)
	-----	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment in real estate	(231,518,138)	(85,514,506)	(21,299,071)
Investment in joint ventures	(15,063,625)	(17,641,211)	(11,276,007)
Deferred project costs paid	(6,264,098)	(3,610,967)	(1,103,913)
Distributions received from joint ventures	3,529,401	1,371,728	178,184
	-----	-----	-----
Net cash used in investing activities	(249,316,460)	(105,394,956)	(33,500,807)
	-----	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from notes payable	187,633,130	40,594,463	14,059,930
Repayments of notes payable	(83,899,171)	(30,725,165)	0
Dividends paid to shareholders	(16,971,110)	(3,806,398)	(102,987)
Issuance of common stock	180,387,220	103,169,490	31,540,360
Treasury stock purchased	(1,412,969)	0	0
Sales commissions paid	(17,002,554)	(9,801,197)	(2,996,334)
Other offering costs paid	(5,369,228)	(3,094,111)	(946,210)
	-----	-----	-----
Net cash provided by financing activities	243,365,318	96,337,082	41,554,759
	-----	-----	-----
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,368,497	(5,049,599)	7,778,403
CASH AND CASH EQUIVALENTS, beginning of year	2,929,804	7,979,403	201,000
	-----	-----	-----
CASH AND CASH EQUIVALENTS, end of year	\$ 4,298,301	\$ 2,929,804	\$ 7,979,403
	=====	=====	=====
SUPPLEMENTAL DISCLOSURES OF NONCASH ACTIVITIES:			
Deferred project costs applied to real estate assets	\$ 5,114,279	\$ 3,183,239	\$ 298,608
	=====	=====	=====
Deferred project costs contributed to joint ventures	\$ 627,656	\$ 735,056	\$ 469,884
	=====	=====	=====
Deferred offering costs due to affiliate	\$ 326,435	\$ 416,212	\$ 0
	=====	=====	=====

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

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WELLS REAL ESTATE INVESTMENT TRUST, INC.

AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2000, 1999, AND 1998

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Wells Real Estate Investment Trust, Inc. (the "Company") is a Maryland corporation that qualifies as a real estate investment trust ("REIT"). The Company is conducting an offering for the sale of a maximum of 125,000,000 (exclusive of 10,000,000 shares available pursuant to the Company's dividend reinvestment plan) shares of common stock, \$.01 par value per share, at a price of \$10 per share. The Company will seek to acquire and operate commercial properties, including, but not limited to, office

buildings, shopping centers, business and industrial parks, and other commercial and industrial properties, including properties which are under construction, are newly constructed, or have been constructed and have operating histories. All such properties may be acquired, developed, and operated by the Company alone or jointly with another party. The Company is likely to enter into one or more joint ventures with affiliated entities for the acquisition of properties. In connection with this, the Company may enter into joint ventures for the acquisition of properties with prior or future real estate limited partnership programs sponsored by Wells Capital, Inc. (the "Advisor") or its affiliates.

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

The Operating Partnership owns the following properties directly: (i) the PricewaterhouseCoopers property (the "PwC Building"), a four-story office building located in Tampa, Florida; (ii) the AT&T Building, a four-story office building located in Harrisburg, Pennsylvania; (iii) the Marconi Data Systems property (the "Marconi Building"), a two-story office building located in Wood Dale, Illinois; (iv) the Cinemark Building, a five-story office building located in Plano, Texas; (v) the Matsushita Building, a two-story office building located in Lake Forest, California; (vi) the ASML Building, a two-story office building located in Tempe, Arizona; (vii) the Motorola Tempe Building, a two-story office building located in Tempe, Arizona; (viii) the Dial Building, a two-story office building located in Scottsdale, Arizona; (ix) the Delphi Building, a three-story office building located in Troy, Michigan; (x) the Avnet Building, a two-story office building located in Tempe, Arizona; (xi) the Metris Oklahoma Building, a three-story office building located in Tulsa, Oklahoma; (xii) the Alstom Power-Richmond Building, a four-story office building located in Richmond, Virginia; (xiii) the Motorola Plainfield Building, a three-story office building located in South Plainfield, New Jersey; (xiv) the Stone & Webster Building, a six-story office building located in Houston, Texas; and (xv) the Metris Minnetonka Building, a nine-story office building located in Minnetonka, Minnesota.

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

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

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

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

Through its investment in joint ventures with Fund X and XI Associates, the Company owns interests in the following properties: (i) a one-story office and warehouse building in Fountain Valley, California (the "Cort Furniture Building") owned by Wells/Orange County Associates and (ii) a warehouse and office building in Fremont, California (the "Fairchild Building") owned by Wells/Fremont Associates.

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

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

Use of Estimates and Factors Affecting the Company

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

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

Income Taxes

The Company has elected to be taxed as a REIT under the Internal Revenue Code of 1986, as amended (the "Code"), commencing with the taxable year ended December 31, 1998. As a result, the Company generally will not be subject to federal income taxation at the corporate level to the extent it distributes annually at least 95% (90% beginning in 2001) of its REIT taxable income, as defined in the Code, to its shareholders and satisfies certain other requirements. Additionally, the Operating Partnership is not subject to federal or state income taxes. Accordingly, no provision has been made for federal or state

income taxes in the accompanying consolidated financial statements for the years ended December 31, 2000 and 1999.

Real Estate Assets

Real estate assets held by the Company and joint ventures are stated at cost less accumulated depreciation. Major improvements and betterments are capitalized when they extend the useful life of the related asset. All repair and maintenance are expensed as incurred.

Management continually monitors events and changes in circumstances which could indicate that carrying amounts of real estate assets may not be recoverable. When events or changes in circumstances are present which indicate that the carrying amounts of real estate assets may not be recoverable, management assesses the recoverability of real estate assets by determining whether the carrying value of such real estate assets will be recovered through the future cash flows expected from the use of the asset and its eventual disposition. Management has determined that there has been no impairment in the carrying value of real estate assets held by the Company or the joint ventures as of December 31, 2000.

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

Revenue Recognition

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

Cash and Cash Equivalents

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

Deferred Lease Acquisition Costs

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

Earnings Per Share

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

Reclassifications

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

Investment in Joint Ventures

Basis of Presentation

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

Partners' Distributions and Allocations of Profit and Loss

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

Deferred Lease Acquisition Costs

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

2. DEFERRED PROJECT COSTS

The Company paid a percentage of shareholder contributions to the Advisor for acquisition and advisory services. These payments, as stipulated in the prospectus, can be up to 3.5% of shareholder contributions, subject to certain overall limitations contained in the prospectus. Aggregate fees paid through December 31, 2000 were \$10,978,981 and amounted to 3.5% of shareholders' contributions received. These fees are allocated to specific properties as they are purchased or developed and are included in capitalized assets of the joint ventures or real estate assets. Deferred project costs at December 31, 2000 and 1999 represent fees not yet applied to properties.

3. DEFERRED OFFERING COSTS

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

As of December 31, 2000, the Advisor paid offering expenses on behalf of the Company in the aggregate amount of \$10,700,925, of which the Advisor was reimbursed \$9,409,549, which did not exceed the 3% limitation. The unpaid portion of deferred offering costs is \$1,291,376 and is included in due to affiliate in the accompanying balance sheet.

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4. RELATED-PARTY TRANSACTIONS

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

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

The Company entered into a property management agreement with Wells Management Company, Inc. ("Wells Management"), an affiliate of the Advisor. In consideration for supervising the management and leasing of the Operating

Partnership's properties, the Operating Partnership will pay Wells Management management and leasing fees equal to the lesser of (a) 4.5% of the gross revenues generally paid over the life of the lease, or (b) 0.6% of the net asset value of the properties (excluding vacant properties) owned by the Company, calculated on an annual basis plus a separate competitive fee for the one-time initial lease-up of newly constructed properties generally paid in conjunction with the receipt of the first month's rent.

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

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

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

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5. INVESTMENT IN JOINT VENTURES

The Operating Partnership's investment and percentage ownership in joint ventures at December 31, 2000 and 1999 are summarized as follows:

	2000		1999	
	Amount	Percent	Amount	Percent
Fund VIII, IX, and REIT Joint Venture	\$ 1,276,551	16%	\$ 0	0%
Fund IX, X, XI, and REIT Joint Venture	1,339,636	4	1,388,884	4
Wells/Orange County Associates	2,827,607	44	2,893,112	44
Wells/Fremont Associates	6,791,287	78	6,988,210	78
Fund XI, XII, and REIT Joint Venture	17,688,615	57	18,160,970	57
Fund XII and REIT Joint Venture	14,312,901	47	0	0
	<u>\$ 44,236,597</u>		<u>\$29,431,176</u>	

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

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

Fund VIII, IX, and REIT Joint Venture

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

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

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

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

Assets

Real estate assets, at cost:	
Land	\$2,220,993
Building and improvements, less accumulated depreciation of \$187,891	5,408,892

Total real estate assets	7,629,885
Cash and cash equivalents	170,664
Accounts receivable	197,802
Prepaid expenses and other assets	283,864

Total assets	\$8,282,215
	=====

Liabilities and Partners' Capital

Liabilities:	
Partnership distributions payable	\$ 170,664

Partners' capital:	
Fund VIII and IX Associates	6,835,000
Wells Operating Partnership, L.P.	1,276,551

Total partners' capital	8,111,551

Total liabilities and partners' capital	\$8,282,215
	=====

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

Revenues:	
Rental income	\$563,049

Expenses:	
Depreciation	187,891
Management and leasing fees	54,395

Property administration expenses	5,692
Operating costs, net of reimbursements	5,178

	253,156

Net income	\$309,893
	=====
Net income allocated to Fund VIII and IX Associates	\$285,006
	=====
Net income allocated to Wells Operating Partnership, L.P.	\$ 24,887
	=====

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

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

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

Cash flows from operating activities:	
Net income	\$ 309,893

Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	187,891
Changes in assets and liabilities:	
Accounts receivable	(197,802)
Prepaid expenses and other assets	(283,864)

Total adjustments	(293,775)

Net cash provided by operating activities	16,118

Cash flows from investing activities:	
Investment in real estate	(959,887)
Cash flows from financing activities:	
Contributions from joint venture partners	1,282,111
Distributions to joint venture partners	(167,678)

Net cash provided by financing activities	1,114,433

Net increase in cash and cash equivalents	170,664
Cash and cash equivalents, beginning of period	0

Cash and cash equivalents, end of year	\$ 170,664
	=====
Supplemental disclosure of noncash activities:	
Real estate contribution received from joint venture partner	\$ 6,857,889
	=====

Fund IX, X, XI, and REIT Joint Venture

On March 20, 1997, Wells Fund IX and Wells Fund X entered into a joint venture agreement. The joint venture, Fund IX and X Associates, was formed to acquire, develop, operate, and sell real properties. On March 20, 1997, Wells Fund IX contributed a 5.62-acre tract of real property in Knoxville, Tennessee, and improvements thereon, known as the Alstom Power Building, to the Fund IX and X Associates joint venture. A 84,404-square-foot, three-story building was constructed and commenced operations at the end of 1997.

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

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

The Fund IX, X, XI, and REIT Joint Venture
 (A Georgia Joint Venture)
 Balance Sheets
 December 31, 2000 and 1999

Assets

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

Liabilities and Partners' Capital

Liabilities:		
Accounts payable and accrued liabilities	\$ 568,517	\$ 613,574
Refundable security deposits	99,279	91,340
Due to affiliates	9,595	6,379
Partnership distributions payable	931,151	804,734
Total liabilities	1,608,542	1,516,027
	-----	-----
Partners' capital:		
Wells Real Estate Fund IX	14,117,803	14,590,626
Wells Real Estate Fund X	17,445,277	18,000,869
Wells Real Estate Fund XI	3,191,093	3,308,403
Wells Operating Partnership, L.P.	1,339,636	1,388,884
Total partners' capital	36,093,809	37,288,782
	-----	-----
Total liabilities and partners' capital	\$ 37,702,351	\$ 38,804,809
	=====	=====

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

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

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

	Wells Real Estate Fund IX	Wells Real Estate Fund X	Wells Real Estate Fund XI	Wells Operating Partnership, L.P.	Total Partners' Capital
Balance, December 31, 1997	\$ 3,702,793	\$ 3,662,803	\$ 0	\$ 0	\$ 7,365,596
Net income	692,116	787,481	85,352	48,867	1,613,816
Partnership contributions	11,771,312	15,613,477	2,586,262	1,480,741	31,451,792
Partnership distributions	(1,206,121)	(1,356,622)	(150,611)	(86,230)	(2,799,584)
Balance, December 31, 1998	14,960,100	18,707,139	2,521,003	1,443,378	37,631,620
Net income	850,072	1,056,316	184,355	81,501	2,172,244
Partnership contributions	198,989	0	911,027	0	1,110,016
Partnership distributions	(1,418,535)	(1,762,586)	(307,982)	(135,995)	(3,625,098)
Balance, December 31, 1999	14,590,626	18,000,869	3,308,403	1,388,884	37,288,782
Net income	1,045,094	1,288,629	236,243	99,177	2,669,143
Partnership contributions	46,122	84,317	0	0	130,439
Partnership distributions	(1,564,039)	(1,928,538)	(353,553)	(148,425)	(3,994,555)
Balance, December 31, 2000	\$14,117,803	\$17,445,277	\$ 3,191,093	\$ 1,339,636	\$36,093,809

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

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

Wells/Orange County Associates

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

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

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

Wells/Orange County Associates
(A Georgia Joint Venture)
Balance Sheets
December 31, 2000 and 1999

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

Liabilities and Partners' Capital

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

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

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

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

	Wells Operating Partnership, L.P.	Fund X and XI Associates	Total Partners' Capital
	-----	-----	-----
Balance, December 31, 1997	\$ 0	\$ 0	\$ 0
Net income	91,978	99,436	191,414
Partnership contributions	2,991,074	3,863,272	6,854,346
Partnership distributions	(124,435)	(145,942)	(270,377)
	-----	-----	-----
Balance, December 31, 1998	2,958,617	3,816,766	6,775,383
Net income	240,585	310,367	550,952
Partnership distributions	(306,090)	(394,871)	(700,961)
	-----	-----	-----
Balance, December 31, 1999	2,893,112	3,732,262	6,625,374
Net income	248,449	320,512	568,961
Partnership distributions	(313,954)	(405,016)	(718,970)
	-----	-----	-----
Balance, December 31, 2000	\$ 2,827,607	\$ 3,647,758	\$ 6,475,365
	=====	=====	=====

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

	2000	1999	1998
	-----	-----	-----
Cash flows from operating activities:			
Net income	\$ 568,961	\$ 550,952	\$ 191,414
	-----	-----	-----
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	186,564	186,565	92,087
Changes in assets and liabilities:			
Accounts receivable	(49,475)	(36,556)	(13,123)
Accounts payable	1,000	(1,550)	1,550
	-----	-----	-----
Total adjustments	138,089	148,459	80,514
	-----	-----	-----
Net cash provided by operating activities	707,050	699,411	271,928
	-----	-----	-----
Cash flows from investing activities:			
Investment in real estate	0	0	(6,563,700)
	-----	-----	-----
Cash flows from financing activities:			
Issuance of note payable	0	0	4,875,000
Payment of note payable	0	0	(4,875,000)
Distributions to partners	(764,678)	(703,640)	(93,763)
Contributions received from partners	0	0	6,566,430
	-----	-----	-----
Net cash (used in) provided by financing activities	(764,678)	(703,640)	6,472,667
	-----	-----	-----
Net (decrease) increase in cash and cash equivalents	(57,628)	(4,229)	180,895
Cash and cash equivalents, beginning of year	176,666	180,895	0
	-----	-----	-----
Cash and cash equivalents, end of year	\$ 119,038	\$ 176,666	\$ 180,895
	=====	=====	=====
Supplemental disclosure of noncash activities:			
Deferred project costs contributed to joint venture	\$ 0	\$ 0	\$ 287,916
	=====	=====	=====

Wells/Fremont Associates

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

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

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Following are the financial statements for Wells/Fremont Associates:

Wells/Fremont Associates
(A Georgia Joint Venture)
Balance Sheets
December 31, 2000 and 1999

	2000	1999
Assets		
Real estate assets, at cost:		
Land	\$2,219,251	\$2,219,251
Building, less accumulated depreciation of \$713,773 in 2000 and \$428,246 in 1999	6,424,385	6,709,912
Total real estate assets	8,643,636	8,929,163
Cash and cash equivalents	92,564	189,012
Accounts receivable	126,433	92,979
Total assets	\$8,862,633	\$9,211,154
Liabilities and Partners' Capital		
Liabilities:		
Accounts payable	\$ 3,016	\$ 2,015
Due to affiliate	7,586	5,579
Partnership distributions payable	89,549	186,997
Total liabilities	100,151	194,591
Partners' capital:		
Wells Operating Partnership, L.P.	6,791,287	6,988,210
Fund X and XI Associates	1,971,195	2,028,353
Total partners' capital	8,762,482	9,016,563
Total liabilities and partners' capital	\$8,862,633	\$9,211,154

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

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

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

	Wells Operating Partnership, L.P. ----	Fund X and XI Associates -----	Total Partners' Capital -----
Balance, December 31, 1997	\$ 0	\$ 0	\$ 0
Net income	122,470	39,449	161,919
Partner contributions	7,274,075	2,083,334	9,357,409
Partnership distributions	(229,863)	(42,628)	(272,491)
	-----	-----	-----
Balance, December 31, 1998	7,166,682	2,080,155	9,246,837
Net income	433,383	125,791	559,174
Partnership distributions	(611,855)	(177,593)	(789,448)
	-----	-----	-----
Balance, December 31, 1999	6,988,210	2,028,353	9,016,563
Net income	436,452	126,681	563,133
Partnership distributions	(633,375)	(183,839)	(817,214)
	-----	-----	-----
Balance, December 31, 2000	\$ 6,791,287	\$1,971,195	\$8,762,482
	=====	=====	=====

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

	2000 ----	1999 ----	1998 ----
Cash flows from operating activities:			
Net income	\$ 563,133	\$ 559,174	\$ 161,919
	-----	-----	-----
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	285,527	285,526	142,720
Changes in assets and liabilities:			
Accounts receivable	(33,454)	(58,237)	(34,742)
Accounts payable	1,001	(1,550)	3,565
Due to affiliate	2,007	3,527	2,052
	-----	-----	-----

Total adjustments	255,081	229,266	113,595
Net cash provided by operating activities	818,214	788,440	275,514
Cash flows from investing activities:			
Investment in real estate	0	0	(8,983,111)
Cash flows from financing activities:			
Issuance of note payable	0	0	5,960,000
Payment of note payable	0	0	(5,960,000)
Distributions to partners	(914,662)	(791,940)	(83,001)
Contributions received from partners	0	0	8,983,110
Net cash (used in) provided by financing activities	(914,662)	(791,940)	8,900,109
Net (decrease) increase in cash and cash equivalents	(96,448)	(3,500)	192,512
Cash and cash equivalents, beginning of year	189,012	192,512	0
Cash and cash equivalents, end of year	\$ 92,564	\$ 189,012	\$ 192,512
Supplemental disclosure of noncash activities:			
Deferred project costs contributed to joint venture	\$ 0	\$ 0	\$ 374,299

Fund XI, XII, and REIT Joint Venture

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

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

The Fund XI, XII, and REIT Joint Venture
(A Georgia Joint Venture)
Balance Sheets
December 31, 2000 and 1999

Assets

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

Liabilities and Partners' Capital

Liabilities:		
Accounts payable	\$ 114,180	\$ 112,457
Partnership distributions payable	453,395	680,294
Total liabilities	567,575	792,751
Partners' capital:		

Wells Real Estate Fund XI	8,148,261	8,365,852
Wells Real Estate Fund XII	5,325,424	5,467,634
Wells Operating Partnership, L.P.	17,688,615	18,160,970
	-----	-----
Total partners' capital	31,162,300	31,994,456
	-----	-----
Total liabilities and partners' capital	\$ 31,729,875	\$ 32,787,207
	=====	=====

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

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

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

	Wells Real Estate Fund XI	Wells Real Estate Fund XII	Wells Operating Partnership, L.P.	Total Partners' Capital
	-----	-----	----	-----
Balance, December 31, 1998	\$ 0	\$ 0	\$ 0	\$ 0
Net income	240,031	124,542	488,500	853,073
Partnership contributions	8,470,160	5,520,835	18,376,267	32,367,262
Partnership distributions	(344,339)	(177,743)	(703,797)	(1,225,879)
	-----	-----	-----	-----
Balance, December 31, 1999	8,365,852	5,467,634	18,160,970	31,994,456
Net income	543,497	355,211	1,179,848	2,078,556
Partnership distributions	(761,088)	(497,421)	(1,652,203)	(2,910,712)
	-----	-----	-----	-----

Balance, December 31, 2000	\$ 8,148,261	\$ 5,325,424	\$ 17,688,615	\$ 31,162,300
	=====	=====	=====	=====

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

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

Fund XII and REIT Joint Venture

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

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

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

Assets

Real estate assets, at cost:	
Land	\$ 4,420,405
Building and improvements, less accumulated depreciation of \$324,732	26,004,918

Total real estate assets	30,425,323
Cash and cash equivalents	207,475
Accounts receivable	130,490

Total assets	\$ 30,763,288
	=====

Liabilities and Partners' Capital

Liabilities:	
Partnership distributions payable	\$ 208,261

Partners' capital:	
Wells Real Estate Fund XII	16,242,127
Wells Operating Partnership, L.P.	14,312,900

Total partners' capital	30,555,027

Total liabilities and partners' capital	\$ 30,763,288
	=====

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

Revenues:	
Rental income	\$ 974,796
Interest income	2,069

	976,865

Expenses:	
Depreciation	324,732
Management and leasing fees	32,756
Partnership administration	3,917
Operating costs, net of reimbursements	1,210

	362,615

Net income	\$ 614,250
	=====
Net income allocated to Wells Real Estate Fund XII	\$ 309,190
	=====
Net income allocated to Wells Operating Partnership, L.P.	\$ 305,060
	=====

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

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

Balance, December 31, 2000

 \$ 16,242,127 \$ 14,312,900 \$ 30,555,027

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

Cash flows from operating activities:		
Net income		\$ 614,250

Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation		324,732
Changes in assets and liabilities:		
Accounts receivable		(130,490)

Total adjustments		194,242

Net cash provided by operating activities		808,492

Cash flows from investing activities:		
Investment in real estate		(29,520,043)

Cash flows from financing activities:		
Distributions to joint venture partners		(601,017)
Contributions received from partners		29,520,043

Net cash provided by financing activities		28,919,026

Net increase in cash and cash equivalents		207,475
Cash and cash equivalents, beginning of year		0

Cash and cash equivalents, end of year		\$ 207,475
		=====
Supplemental disclosure of non cash activities:		
Deferred project costs contributed to joint venture		\$ 1,230,012
		=====

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6. INCOME TAX BASIS NET INCOME AND PARTNERS' CAPITAL

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

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

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

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

7. RENTAL INCOME

The future minimum rental income due from the Operating Partnership's direct investment in real estate or its respective ownership interest in the joint ventures under noncancelable operating leases at December 31, 2000 is as follows:

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

	\$ 394,162,555
	=====

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

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

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

	\$3,915,807
	=====

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

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

Year ended December 31:	
2001	\$ 4,413,780
2002	3,724,218

2003	3,617,437
2004	3,498,478
2005	2,482,821
Thereafter	5,436,524

	\$ 23,173,258
	=====

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

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

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

	\$ 2,340,208
	=====

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

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

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

	\$ 3,636,886
	=====

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

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

Year ended December 31:	
2001	\$ 3,135,340
2002	2,598,606
2003	2,946,701
2004	3,445,193
2005	3,495,155
Thereafter	6,169,579

	\$ 21,790,574
	=====

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

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

Year ended December 31:	
2001	\$ 2,888,084

2002	2,920,446
2003	2,952,809
2004	2,985,172
2005	3,017,534
Thereafter	13,650,288

	\$ 28,414,333
	=====

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

8. NOTES PAYABLE

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

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

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Note payable to Cardinal Capital, Inc.; interest at 6%; principal and interest payable monthly; due March 31, 2001; collateralized by the Operating Partnership's interest in the Stone & Webster Building	\$ 3,000,000
Note payable to Richter-Schroeder Company, Inc.; interest at LIBOR plus 175 basis points; principal and interest payable monthly; due January 31, 3003; collateralized by the Operating Partnership's interest in the Metris Oklahoma Building	8,000,000
Note payable to SouthTrust Bank; interest at LIBOR plus 175 basis points; principal and interest payable monthly; due June 10, 2002; collateralized by the Operating Partnership's interests in the Cinemark Building, the Dial Building, the ASML Building, the Alstom Power Richmond Building, the Avaya Building, the Motorola Tempe Building, and the PricewaterhouseCoopers Building	69,850,100

Total	\$ 127,663,187
	=====

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

2001	\$101,472,657
2002	25,856,779
2003	333,751

Total

\$127,663,187
=====

9. COMMITMENTS AND CONTINGENCIES

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

10. SHAREHOLDERS' EQUITY

Common Stock Option Plan

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

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

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A summary of the Company's stock option activity during 2000 and 1999 is as follows:

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

For SFAS No. 123 purposes, the fair value of each stock option for 2000 and 1999 has been estimated as of the date of the grant using the minimum value method. The weighted average risk-free interest rates assumed for 2000 and 1999 were 6.45% and 5.97%, respectively. Dividend yields of 7.3% were assumed for both years. The expected life of an option was assumed to be four years and five years for 2000 and 1999, respectively. Based on these assumptions, the fair value of the options granted during 2000 and 1999 is \$0.

Treasury Stock

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

11. QUARTERLY RESULTS (UNAUDITED)

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

	2000 Quarters Ended			
	March 31	June 30	September 30	December 31
Revenues	\$3,710,409	\$5,537,618	\$ 6,586,611	\$ 7,638,568
Net income	1,691,288	1,521,021	2,525,228	2,815,430
Basic and diluted earnings per share	\$ 0.11	\$ 0.08	\$ 0.11	\$ 0.10
Dividends per share	0.18	0.18	0.18	0.19
	1999 Quarters Ended			
	March 31	June 30	September 30	December 31
Revenues	\$ 988,000	\$1,204,938	\$ 1,803,352	\$ 2,499,105
Net income	393,438	601,975	1,277,019	1,612,217
Basic and diluted earnings per share	\$ 0.10	\$ 0.09	\$ 0.18	\$ 0.13
Dividends per share	0.17	0.17	0.18	0.18

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SCHEDULE I
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WELLS REAL ESTATE INVESTMENT TRUST, INC. AND SUBSIDIARY

(A Georgia Public Limited Partnership)

SCHEDULE III--REAL ESTATE INVESTMENTS AND ACCUMULATED DEPRECIATION

DECEMBER 31, 2000

Description	Ownership Percentage	Encumbrances	Initial Cost		Costs of Capitalized Improvements
			Land	Buildings and Improvements	
-----	-----	-----	-----	-----	-----

ALSTOM POWER--KNOXVILLE PROPERTY (a)	4%	None	\$ 582,897	\$ 744,164	\$ 6,744,547
AVAYA BUILDING	4	None	1,002,723	4,386,374	242,241
360 INTERLOCKEN (c)	4	None	1,570,000	6,733,500	437,266
IOMEGA PROPERTY (d)	4	None	597,000	4,674,624	876,459
OHMEDA PROPERTY (e)	4	None	2,613,600	7,762,481	528,415
FAIRCHILD PROPERTY (f)	78	None	2,130,480	6,852,630	374,300
ORANGE COUNTY PROPERTY (g)	44	None	2,100,000	4,463,700	287,916
PRICEWATERHOUSECOOPERS PROPERTY (h)	100	\$ 12,573,100	1,460,000	19,839,071	825,560
EYBL CARTEX PROPERTY (i)	57	None	330,000	4,791,828	213,411
SPRINT BUILDING (j)	57	None	1,696,000	7,850,726	397,783
JOHNSON MATTHEY (k)	57	None	1,925,000	6,131,392	335,685
GARTNER PROPERTY (l)	57	None	895,844	7,451,760	347,820
AT&T--PA PROPERTY (m)	100	5,375,087	662,000	11,836,368	265,740
MARCONI PROPERTY (n)	100	9,038,000	5,000,000	28,161,665	1,381,747
CINEMARK PROPERTY (o)	100	11,176,000	1,456,000	20,376,881	908,217
MATSUSHITA PROPERTY (p)	100	None	4,577,485	0	13,860,142
ALSTOM POWER--RICHMOND PROPERTY (q)	100	7,683,500	948,401	0	9,938,308
METRIS--OK PROPERTY (r)	100	8,000,000	1,150,000	11,569,583	541,489
DIAL PROPERTY (s)	100	9,080,500	3,500,000	10,785,309	601,264
ASML PROPERTY (t)	100	11,176,000	0	17,392,633	731,685
MOTOROLA--AZ PROPERTY (u)	100	9,779,000	0	16,036,219	669,639
AVNET PROPERTY (v)	100	8,382,000	0	13,271,502	551,156

Gross Amount at Which Carried at December 31, 2000

Description	Gross Amount at Which Carried at December 31, 2000			Total	Accumulated Depreciation	Date of Construction
	Land	Buildings and Improvements	Construction In Progress			
ALSTOM POWER--KNOXVILLE PROPERTY (a)	\$ 607,930	\$ 7,463,678	\$ 0	\$ 8,071,608	\$ 1,444,680	1997
AVAYA BUILDING	1,051,138	4,580,200	0	5,631,338	473,287	1998
360 INTERLOCKEN (c)	1,650,070	7,090,696	0	8,740,766	811,659	1996
IOMEGA PROPERTY (d)	641,988	5,506,095	0	6,148,083	522,164	1998
OHMEDA PROPERTY (e)	2,746,894	8,157,602	0	10,904,496	951,720	1998
FAIRCHILD PROPERTY (f)	2,219,251	7,138,159	0	9,357,410	713,773	1998
ORANGE COUNTY PROPERTY (g)	2,187,501	4,664,115	0	6,851,616	465,216	1988
PRICEWATERHOUSECOOPERS PROPERTY (h)	1,520,834	20,603,797	0	22,124,631	1,645,644	1998
EYBL CARTEX PROPERTY (i)	343,750	4,991,489	0	5,335,239	332,674	1998
SPRINT BUILDING (j)	1,766,667	8,177,842	0	9,944,509	490,667	1998
JOHNSON MATTHEY (k)	2,005,209	6,386,868	0	8,392,077	361,936	1973
GARTNER PROPERTY (l)	933,171	7,762,253	0	8,695,424	413,987	1998
AT&T--PA PROPERTY (m)	689,583	12,074,525	0	12,764,108	925,705	1998
MARCONI PROPERTY (n)	5,208,335	29,335,077	0	34,543,412	1,564,527	1991
CINEMARK PROPERTY (o)	1,516,667	21,224,431	0	22,741,098	919,715	1999
MATSUSHITA PROPERTY (p)	4,768,215	13,669,412	0	18,437,627	995,939	1999
ALSTOM POWER--RICHMOND PROPERTY (q)	987,918	9,898,791	0	10,886,709	302,713	1999
METRIS--OK PROPERTY (r)	1,197,917	12,063,155	0	13,261,072	439,093	2000
DIAL PROPERTY (s)	3,645,835	11,240,738	0	14,886,573	371,685	1997
ASML PROPERTY (t)	0	18,124,318	0	18,124,318	589,600	1995
MOTOROLA--AZ PROPERTY (u)	0	16,705,858	0	16,705,858	550,166	1998
AVNET PROPERTY (v)	0	13,822,658	0	13,822,658	315,153	2000

Description	Date Acquired	Life of Which Depreciation is Computed (dd)
	ALSTOM POWER--KNOXVILLE PROPERTY (a)	12/10/96
AVAYA BUILDING	6/24/98	20 to 25 years
360 INTERLOCKEN (c)	3/20/98	20 to 25 years
IOMEGA PROPERTY (d)	7/01/98	20 to 25 years
OHMEDA PROPERTY (e)	2/13/98	20 to 25 years
FAIRCHILD PROPERTY (f)	7/21/98	20 to 25 years
ORANGE COUNTY PROPERTY (g)	7/31/98	20 to 25 years

PRICEWATERHOUSECOOPERS PROPERTY (h)	12/31/98	20 to 25 years
EYBL CARTEX PROPERTY (i)	5/18/99	20 to 25 years
SPRINT BUILDING (j)	7/2/99	20 to 25 years
JOHNSON MATTHEY (k)	8/17/99	20 to 25 years
GARTNER PROPERTY (l)	9/20/99	20 to 25 years
AT&T--PA PROPERTY (m)	2/4/99	20 to 25 years
MARCONI PROPERTY (n)	9/10/99	20 to 25 years
CINEMARK PROPERTY (o)	12/21/99	20 to 25 years
MATSUSHITA PROPERTY (p)	3/15/99	20 to 25 years
ALSTOM POWER--RICHMOND PROPERTY (q)	7/22/99	20 to 25 years
METRIS--OK PROPERTY (r)	2/11/00	20 to 25 years
DIAL PROPERTY (s)	3/29/00	20 to 25 years
ASML PROPERTY (t)	3/29/00	20 to 25 years
MOTOROLA--AZ PROPERTY (u)	3/29/00	20 to 25 years
AVNET PROPERTY (v)	6/12/00	20 to 25 years

SCHEDULE I
Page 2 of 2

Description	Ownership Percentage	Encumbrances	Initial Cost		Costs of Capitalized Improvements
			Land	Buildings and Improvements	
DELPHI PROPERTY (w)	100%	None	\$ 2,160,000	\$ 16,775,971	\$ 1,676,956
SIEMENS PROPERTY (x)	47	None	2,143,588	12,048,902	591,358
QUEST PROPERTY (y)	16	None	2,220,993	5,545,498	51,285
MOTOROLA--NJ PROPERTY (z)	100	None	9,652,500	20,495,243	0
METRIS--MN PROPERTY (aa)	100	None	7,700,000	45,151,969	2,181
STONE & WEBSTER PROPERTY (bb)	100	35,400,000	7,100,000	37,914,954	0
AT&T--OK PROPERTY (cc)	47	None	2,100,000	13,227,555	638,651
Total		\$127,663,187	\$67,274,511	\$362,272,502	\$44,021,221

Gross Amount at Which Carried at December 31, 2000

Description	Land	Buildings and Improvements	Construction		Accumulated Depreciation	Date of Construction
			In Progress	Total		
DELPHI PROPERTY (w)	\$ 2,250,008	\$ 18,362,919	\$ 0	\$ 20,612,927	\$ 458,563	2000
SIEMENS PROPERTY (x)	2,232,905	12,550,943	0	14,783,848	324,732	2000
QUEST PROPERTY (y)	2,220,993	5,596,783	0	7,817,776	187,891	1997
MOTOROLA--NJ PROPERTY (z)	9,652,500	17,137,523	3,357,720	30,147,743	114,250	2000
METRIS--MN PROPERTY (aa)	7,700,000	45,154,150	0	52,854,150	150,507	2000
STONE & WEBSTER PROPERTY (bb)	7,100,000	37,914,954	0	45,014,954	126,383	1994
AT&T--OK PROPERTY (cc)	2,187,500	13,778,706	0	15,966,206	0	1999
Total	\$69,032,779	\$401,177,735	\$3,357,720	\$473,568,234	\$16,964,029	

Description	Date Acquired	Life of Which Depreciation is Computed (dd)
DELPHI PROPERTY (w)	6/29/00	20 to 25 years
SIEMENS PROPERTY (x)	5/10/00	20 to 25 years
QUEST PROPERTY (y)	9/10/97	20 to 25 years
MOTOROLA--NJ PROPERTY (z)	11/1/00	20 to 25 years
METRIS--MN PROPERTY (aa)	12/21/00	20 to 25 years
STONE & WEBSTER PROPERTY (bb)	12/21/00	20 to 25 years
AT&T--OK PROPERTY (cc)	12/28/00	20 to 25 years
Total		

(a) The Alstom Power Knoxville Property consists of a three-story office

- building located in Knoxville, Tennessee. It is owned by Fund IX-X-XI-REIT Joint Venture.
- (b) The Avaya Building consists of a one-story office building located in Oklahoma City, Oklahoma. It is owned by Fund IX-X-XI-REIT Joint Venture.
 - (c) The 360 Interlocken Property consists of a three-story multi-tenant office building located in Broomfield, Colorado. It is owned by Fund IX-X-XI-REIT Joint Venture.
 - (d) The Iomega Property consists of a one-story warehouse and office building located in Ogden, Utah. It is owned by Fund IX-X-XI-REIT Joint Venture.
 - (e) The Ohmeda Property consists of a two-story office building located in Louisville, Colorado. It is owned by Fund IX-X-XI-REIT Joint Venture.
 - (f) The Fairchild Property consists of a two-story warehouse and office building located in Fremont, California. It is owned by Wells/Fremont Associates.
 - (g) The Orange County Property consists of a one-story warehouse and office building located in Fountain Valley, California. It is owned by Wells/Orange County Associates.
 - (h) The PriceWaterhouseCoopers Property consists of a four-story office building located in Tampa, Florida. It is 100% owned by the Company.
 - (i) The EYBL CarTex Property consists of a one-story manufacturing and office building located in Fountain Inn, South Carolina. It is owned by Fund XI-XII-REIT Joint Venture.
 - (j) The Sprint Building consists of a three-story office building located in Leawood, Kansas. It is owned by Fund XI-XII-REIT Joint Venture.
 - (k) The Johnson Matthey Property consists of a one-story research and development office and warehouse building located in Chester County, Pennsylvania. It is owned by Fund XI-XII-REIT Joint Venture.
 - (l) The Gartner Property consists of a two-story office building located in Ft. Myers, Florida. It is owned by Fund XI-XII-REIT Joint Venture.
 - (m) The AT&T--PA Property consists of a four-story office building located in Harrisburg, Pennsylvania. It is 100% owned by the Company.
 - (n) The Marconi Property consists of a two-story office building located in Wood Dale, Illinois. It is 100% owned by the Company.
 - (o) The Cinemark Property consists of a five-story office building located in Plano, Texas. It is 100% owned by the Company.
 - (p) The Matsushita Property consists of a two-story office building located in Lake Forest, California. It is 100% owned by the Company.
 - (q) The Alstom Property consists of a four-story office building located in Midlothian, Chesterfield County, Virginia. It is 100% owned by the Company.
 - (r) The Metris--OK Property consists of a three-story office building located in Tulsa, Oklahoma. It is 100% owned by the Company.
 - (s) The Dial Property consists of a two-story office building located in Scottsdale, Arizona. It is 100% owned by the Company.
 - (t) The ASML Property consists of a two-story office building located in Tempe, Arizona. It is 100% owned by the Company.
 - (u) The Motorola--AZ Property consists of a two-story office building located in Tempe, Arizona. It is 100% owned by the Company.
 - (v) The Avnet Property consists of a two-story office building located in Tempe, Arizona. It is 100% owned by the Company.
 - (w) The Delphi Property consists of a three-story office building located in Troy, Michigan. It is 100% owned by the Company.
 - (x) The Siemens Property consists of a three-story office building located in Troy, Michigan. It is owned by Fund XII-REIT Joint Venture.
 - (y) The Quest Property consists of a two-story office building located in Orange County, California. It is owned by Fund VIII-IX-REIT Joint Venture.
 - (z) The Motorola--NJ Property consists of a three-story office building located in South Plainfield, New Jersey. It is 100% owned by the Company.
 - (aa) The Metris--MN Property consists of a nine-story office building located in Minnetonka, Minnesota. It is 100% owned by the Company.
 - (bb) The Stone & Webster Property consists of a six-story office building located in Houston, Texas. It is 100% owned by the Company.
 - (cc) The AT&T--OK Property consists of a two-story office building located in Oklahoma City, Oklahoma. It is owned by the Fund XII-REIT Joint Venture.
 - (dd) Depreciation lives used for buildings are 25 years. Depreciation lives used for land improvements are 20 years.

(A Georgia Public Limited Partnership)

SCHEDULE III--REAL ESTATE INVESTMENTS AND ACCUMULATED DEPRECIATION

DECEMBER 31, 2000

	Cost	Accumulated Depreciation
	-----	-----
BALANCE AT DECEMBER 31, 1998	\$ 76,201,910	\$ 1,487,963
1999 additions	103,916,288	4,243,688
	-----	-----
BALANCE AT DECEMBER 31, 1999	180,118,198	5,731,651
2000 additions	293,450,036	11,232,378
	-----	-----
BALANCE AT DECEMBER 31, 2000	\$473,568,234	\$16,964,029
	=====	=====

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EXHIBIT INDEX

(Wells Real Estate Investment Trust, Inc.)

The following documents are filed as exhibits to this report. Those exhibits previously filed and incorporated herein by reference are identified below by an asterisk. For each such asterisked exhibit, there is shown below the description of the previous filing. Exhibits which are not required for this report are omitted.

Exhibit Number	Description of Document
-----	-----
*3.1	Amended and Restated Articles of Incorporation of Wells Real Estate Investment Trust, Inc. (Exhibit 3.1 to Form S-11 Registration Statement of Wells Real Estate Investment Trust, Inc., as amended to date, Commission File No. 333-83933)
*3.2	Bylaws of Wells Real Estate Investment Trust, Inc. (Exhibit 3.2 to Form S-11 Registration Statement of Wells Real Estate Investment Trust, Inc., as amended to date, Commission File No. 333-32099)
*3.3	Amendment No. 1 to Bylaws of Wells Real Estate Investment Trust, Inc. (Exhibit 3.3 to Form S-11 Registration Statement of Wells Real Estate Investment Trust, Inc., as amended to date, Commission File No. 333-32099)
*10.1	Agreement of Limited Partnership of Wells Operating Partnership, L.P. (Exhibit 10.1 to Form S-11 Registration Statement of Wells Real Estate Investment Trust, Inc., as amended to date, Commission File No. 333-32099)
*10.2	Advisory Agreement dated January 30, 1999 (Exhibit 10.3 to Form S-11 Registration Statement of Wells Real Estate Investment Trust, Inc., as amended to date, Commission File No. 333-32099)
*10.3	Management Agreement (Exhibit 10.4 to Form S-11 Registration Statement of Wells Real Estate Investment Trust, Inc., as amended to date, Commission File No. 333-32099)

- *10.4 Leasing and Tenant Coordinating Agreement (Exhibit 10.5 to Form S-11 Registration Statement of Wells Real Estate Investment Trust, Inc., as amended to date, Commission File No. 333-32099)
- *10.5 Amended and Restated Joint Venture Agreement of The Fund IX, Fund X, Fund XI and REIT Joint Venture dated June 11, 1998 (Exhibit 10.4 to Form S-11 Registration Statement of Wells Real Estate Investment Trust, Inc., as amended to date, Commission File No. 333-32099)
- *10.6 Lease Agreement for the ABB Building dated December 10, 1996 (Exhibit 10(kk) to Form S-11 Registration Statement of Wells Real Estate Fund VIII, L.P. and Wells Real Estate Fund IX, L.P., as amended to date, Commission File No. 33-83852)
- *10.7 Agreement for the Purchase and Sale of Real Property relating to the Ohmeda Building dated November 14, 1997 (Exhibit 10.6 to Form S-11 Registration Statement of Wells Real Estate Investment Trust, Inc., as amended to date, Commission File No. 333-32099)
- *10.8 Agreement for the Purchase and Sale of Property relating to the 360 Interlocken Building dated February 11, 1998 (Exhibit 10.7 to Form S-11 Registration Statement of Wells Real Estate Investment Trust, Inc., as amended to date, Commission File No. 333-32099)
- *10.9 Agreement for the Purchase and Sale of Real Property relating to the Lucent Technologies Building dated May 30, 1997 (Exhibit 10(k) to Form S-11 Registration Statement of Wells Real Estate Fund X, L.P. and Wells Real Estate Fund XI, L.P., as amended to date, Commission File No. 333-7979)
- *10.10 First Amendment to the Agreement for the Purchase and Sale of Real Property relating to the Lucent Technologies Building dated April 21, 1998 (Exhibit 10.8(a) to Form S-11 Registration Statement of Wells Real Estate Investment Trust, Inc., as amended to date, Commission File No. 333-32099)
- *10.11 Development Agreement relating to the Lucent Technologies Building dated May 30, 1997 (Exhibit 10(m) to Form S-11 Registration Statement of Wells Real Estate Fund X, L.P. and Wells Real Estate Fund XI, L.P., as amended to date, Commission File No. 333-7979)
- *10.12 Net Lease Agreement for the Lucent Technologies Building dated May 30, 1997 (Exhibit 10(l) to Form S-11 Registration Statement on Form S-11 of Wells Real Estate Fund X, L.P. and Wells Real Estate Fund XI, L.P., as amended to date, Commission File No. 333-7979)
- *10.13 First Amendment to Net Lease Agreement for the Lucent Technologies Building dated March 30, 1998 (Exhibit 10.10(a) to Form S-11 Registration Statement of Wells Real Estate Investment Trust, Inc., as amended to date, Commission File No. 333-32099)
- *10.14 Purchase and Sale Agreement relating to the Iomega Building dated February 4, 1998 (Exhibit 10.11 to Form S-11 Registration Statement of Wells Real Estate Investment Trust, Inc., as amended to date, Commission File No. 333-32099)
- *10.15 Lease Agreement for the Iomega Building dated April 9, 1996 (Exhibit 10.12 to Form S-11 Registration Statement of Wells Real Estate Investment Trust, Inc., as amended to date, Commission File No. 333-32099)
- *10.16 Agreement for the Purchase and Sale of Property relating to the Fairchild Building dated June 8, 1998 (Exhibit 10.13 to Form S-11

Registration Statement of Wells Real Estate Investment Trust, Inc., as amended to date, Commission File No. 333-32099)

- *10.17 Restatement of and First Amendment to Agreement for the Purchase and Sale of Property relating to the Fairchild Building dated July 1, 1998 (Exhibit 10.14 to Form S-11 Registration Statement of Wells Real Estate Investment Trust, Inc., as amended to date, Commission File No. 333-32099)
- *10.18 Promissory Note for \$5,960,000 from the Fremont Joint Venture to NationsBank, N.A. relating to the Fairchild Building dated July 16, 1998 (Exhibit 10.15 to Form S-11 Registration Statement of Wells Real Estate Investment Trust, Inc., as amended to date, Commission File No. 333-32099)
- *10.19 Deed of Trust securing the Fairchild Building dated July 16, 1998 between the Fremont Joint Venture and NationsBank, N.A. (Exhibit 10.16 to Form S-11 Registration Statement of Wells Real Estate Investment Trust, Inc., as amended to date, Commission File No. 333-32099)
- *10.20 Joint Venture Agreement of Wells/Fremont Associates (the "Fremont Joint Venture") dated July 15, 1998 between Wells Development Corporation and Wells Operating Partnership, L.P. (Exhibit 10.17 to Form S-11 Registration Statement of Wells Real Estate Investment Trust, Inc., as amended to date, Commission File No. 333-32099)
- *10.21 Joint Venture Agreement of Fund X and Fund XI Associates (the "Fund X-XI Joint Venture") dated July 15, 1998 (Exhibit 10.18 to Form S-11 Registration Statement of Wells Real Estate Investment Trust, Inc., as amended to date, Commission File No. 333-32099)
- *10.22 Agreement for the Purchase and Sale of Joint Venture Interest relating to the Fremont Joint Venture dated July 17, 1998 between Wells Development Corporation and the Fund X-XI Joint Venture (Exhibit 10.19 to Form S-11 Registration Statement of Wells Real Estate Investment Trust, Inc., as amended to date, Commission File No. 333-32099)
- *10.23 Lease Agreement for the Fairchild Building dated September 19, 1997 with Fairchild Technologies USA, Inc. (Exhibit 10.20 to Form S-11 Registration Statement of Wells Real Estate Investment Trust, Inc., as amended to date, Commission File No. 333-32099)
- *10.24 Purchase and Sale Agreement and Joint Escrow Instructions relating to the Cort Furniture Building dated June 12, 1998 (Exhibit 10.21 to Form S-11 Registration Statement of Wells Real Estate Investment Trust, Inc., as amended to date, Commission File No. 333-32099)
- *10.25 First Amendment to Purchase and Sale Agreement and Joint Escrow Instructions relating to the Cort Furniture Building dated July 16, 1998 (Exhibit 10.22 to Form S-11 Registration Statement of Wells Real Estate Investment Trust, Inc., as amended to date, Commission File No. 333-32099)
- *10.26 Promissory Note for \$4,875,000 from the Cort Joint Venture to NationsBank, N.A. relating to the Cort Furniture Building dated July 30, 1998 (Exhibit 10.23 to Form S-11 Registration Statement of Wells Real Estate Investment Trust, Inc., as amended to date, Commission File No. 333-32099)
- *10.27 Deed of Trust securing the Cort Furniture Building dated July 30, 1998 between the Fremont Joint Venture and NationsBank, N.A. (Exhibit 10.24 to Form S-11 Registration Statement of Wells Real

Estate Investment Trust, Inc., as amended to date, Commission File No. 333-32099)

- *10.28 Joint Venture Agreement of Wells/Orange County Associates (the "Cort Joint Venture") dated July 27, 1998 between Wells Development Corporation and Wells Operating Partnership, L.P. (Exhibit 10.25 to Form S-11 Registration Statement of Wells Real Estate Investment Trust, Inc., as amended to date, Commission File No. 333-32099)
- *10.29 Agreement for the Purchase and Sale of Joint Venture Interest relating to the Cort Joint Venture dated July 30, 1998 between Wells Development Corporation and the Fund X-XI Joint Venture (Exhibit 10.26 to Form S-11 Registration Statement of Wells Real Estate Investment Trust, Inc., as amended to date, Commission File No. 333-32099)
- *10.30 Temporary Lease Agreement for remainder of the ABB Building dated September 10, 1998 between the IX-X-XI-REIT Joint Venture and Associates Housing Finance, LLC (Exhibit 10.35 to Form S-11 Registration Statement of Wells Real Estate Investment Trust, Inc., as amended to date, Commission File No. 333-32099)
- *10.31 Amended and Restated Purchase Agreement relating to the PWC Building dated December 4, 1998 (Exhibit 10.37 to Form S-11 Registration Statement of Wells Real Estate Investment Trust, Inc., as amended to date, Commission File No. 333-32099)
- *10.32 Assignment and Assumption Agreement relating to the PWC Building dated December 4, 1998 (Exhibit 10.38 to Form S-11 Registration Statement of Wells Real Estate Investment Trust, Inc., as amended to date, Commission File No. 333-32099)
- *10.33 Amended and Restated Loan Agreement dated December 31, 1998 between Wells Operating Partnership, L.P. and SouthTrust Bank, National Association (Exhibit 10.39 to Form S-11 Registration Statement of Wells Real Estate Investment Trust, Inc., as amended to date, Commission File No. 333-32099)
- *10.34 Amended and Restated Promissory Note for \$15,500,000 from Carter Sunforest, L.P. to SouthTrust Bank, National Association dated December 31, 1998 (Exhibit 10.40 to Form S-11 Registration Statement of Wells Real Estate Investment Trust, Inc., as amended to date, Commission File No. 333-32099)
- *10.35 Amendment No. 1 to Mortgage and Security Agreement and other Loan Documents securing the PWC Building dated December 31, 1998 between Carter Sunforest, L.P. and SouthTrust Bank, National Association (Exhibit 10.41 to Form S-11 Registration Statement of Wells Real Estate Investment Trust, Inc., as amended to date, Commission File No. 333-32099)
- *10.36 Lease for the PWC Building dated March 30, 1998 with Price Waterhouse LLP (Exhibit 10.42 to Form S-11 Registration Statement of Wells Real Estate Investment Trust, Inc., as amended to date, Commission File No. 333-32099)
- *10.37 Promissory Note for \$6,425,000 to Bank of America, N.A. relating to the AT&T Building (formerly the Vanguard Cellular Building) (Exhibit 10.45 to Form S-11 Registration Statement of Wells Real Estate Investment Trust, Inc., as amended to date, Commission File No. 333-32099)
- *10.38 Open-End Mortgage, Assignment of Leases and Rents, Security Agreement and Financing Statement securing the AT&T Building (formerly the Vanguard Cellular Building) (Exhibit 10.46 to Form S-11 Registration Statement of Wells Real Estate Investment

Trust, Inc., as amended to date, Commission File No. 333-32099)

- *10.39 Build-to-Suit Office Lease Agreement for the AT&T Building (formerly the Vanguard Cellular Building) (Exhibit 10.47 to Form S-11 Registration Statement of Wells Real Estate Investment Trust, Inc., as amended to date, Commission File No. 333-32099)
- *10.40 Amendment No. 1 to Built-To-Suite Office Lease Agreement for the AT&T Building (formerly the Vanguard Cellular Building) (Exhibit 10.47(a) to Form S-11 Registration Statement of Wells Real Estate Investment Trust, Inc., as amended to date, Commission File No. 333-32099)
- *10.41 Amendment No. 2 to Build-To-Suit Office Lease Agreement for the AT&T Building (formerly the Vanguard Cellular Building) (Exhibit 10.47(b) to Form S-11 Registration Statement of Wells Real Estate Investment Trust, Inc., as amended to date, Commission File No. 333-32099)
- *10.42 Build-To-Suit Office Lease Agreement Guaranty Payment and Performance for the AT&T Building (formerly the Vanguard Cellular Building) (Exhibit 10.48 to Form S-11 Registration Statement of Wells Real Estate Investment Trust, Inc., as amended to date, Commission File No. 333-32099)
- *10.43 Development Agreement for the Matsushita Project (Exhibit 10.50 to Form S-11 Registration Statement of Wells Real Estate Investment Trust, Inc., as amended to date, Commission File No. 333-32099)
- *10.44 Office Lease for the Matsushita Project (Exhibit 10.51 to Form S-11 Registration Statement of Wells Real Estate Investment Trust, Inc., as amended to date, Commission File No. 333-32099)
- *10.45 Guaranty of Lease for the Matsushita Project (Exhibit 10.52 to Form S-11 Registration Statement of Wells Real Estate Investment Trust, Inc., as amended to date, Commission File No. 333-32099)
- *10.46 Rental Income Guaranty Agreement from Wells Operating Partnership, L.P. to Fund VIII and Fund IX Associates relating to the Bake Parkway Building (Exhibit 10.53 to Form S-11 Registration Statement of Wells Real Estate Investment Trust, Inc., as amended to date, Commission File No. 333-32099)
- *10.47 Amended and Restated Joint Venture Partnership Agreement of The Wells Fund XI - Fund XII - REIT Joint Venture (Exhibit 10.28 to Form S-11 Registration Statement of Wells Real Estate Investment Trust, Inc., as amended to date, Commission File No. 333-83933)
- *10.48 Agreement of Sale and Purchase relating to the EYBL CarTex Building (Exhibit 10.54 to Form S-11 Registration Statement of Wells Real Estate Investment Trust, Inc., as amended to date, Commission File No. 333-32099)
- *10.49 Agreement of Purchase and Sale relating to the Sprint Building (Exhibit 10.5 to Form S-11 Registration Statement of Wells Real Estate Fund XII, L.P., as amended to date, Commission File No. 33-66657)
- *10.50 Agreement of Sale and Purchase relating to the Johnson Matthey Building (Exhibit 10.6 to Form S-11 Registration Statement of Wells Real Estate Fund XII, L.P., as amended to date, Commission File No. 33-66657)
- *10.51 Fifth Amendment to Lease for the Johnson Matthey Building (Exhibit 10.7 to Form S-11 Registration Statement of Wells Real Estate Fund XII, L.P., as amended to date, Commission File No.

33-66657)

- *10.52 Agreement of Purchase and Sale relating to the Gartner Building (Exhibit 10.63 to Form S-11 Registration Statement of Wells Real Estate Investment Trust, Inc., as amended to date, Commission File No. 333-32009)
- *10.53 Lease Agreement for the Gartner Building (Exhibit 10.64 to Form S-11 Registration Statement of Wells Real Estate Investment Trust, Inc., as amended to date, Commission File No. 333-32099)
- *10.54 Agreement for the Purchase and Sale of Real Property relating to the ABB Richmond Property (Exhibit 10.58 to Form S-11 Registration Statement of Wells Real Estate Investment Trust, Inc., as amended to date, Commission File No. 333-32099)
- *10.55 Development Agreement for the ABB Richmond Project (Exhibit 10.59 to Form S-11 Registration Statement of Wells Real Estate Investment Trust, Inc., as amended to date, Commission File No. 333-32099)
- *10.56 Owner-Contractor Agreement for the ABB Richmond Project (Exhibit 10.60 to Form S-11 Registration Statement of Wells Real Estate Investment Trust, Inc., as amended to date, Commission File No. 333-32099)
- *10.57 Lease Agreement for the ABB Richmond Project (Exhibit 10.61 to Form S-11 Registration Statement of Wells Real Estate Investment Trust, Inc., as amended to date, Commission File No. 333-32099)
- *10.58 Second Amendment to Lease Agreement for the ABB Richmond Project (Exhibit 10.34 to Form S-11 Registration Statement of Wells Real Estate Investment Trust, Inc., as amended to date, Commission File No. 333-83933)
- *10.59 Agreement for Purchase and Sale relating to the Marconi Building (formerly the Videojet Building) (Exhibit 10.62 to Form S-11 Registration Statement of Wells Real Estate Investment Trust, Inc., as amended to date, Commission File No. 333-32009)
- *10.60 Agreement for the Purchase and Sale of Property relating to the Cinemark Building (Exhibit 10.38 to Form S-11 Registration Statement of Wells Real Estate Investment Trust, Inc., as amended to date, Commission File No. 333-83933)
- *10.61 Lease Agreement with Cinemark USA, Inc. for a portion of the Cinemark Building (Exhibit 10.39 to Form S-11 Registration Statement of Wells Real Estate Investment Trust, Inc., as amended to date, Commission File No. 333-83933)
- *10.62 Lease Agreement with The Coca-Cola Company for a portion of the Cinemark Building (Exhibit 10.40 to Form S-11 Registration Statement of Wells Real Estate Investment Trust, Inc., as amended to date, Commission File No. 333-83933)
- *10.63 Amended and Restated Articles of Incorporation of Wells Real Estate Investment Trust, Inc. (Exhibit 3.1 to Form S-11 Registration Statement of Wells Real Estate Investment Trust, Inc., as amended to date, Commission File No. 333-44900)
- 10.64 Agreement of Limited Partnership of Wells Operating Partnership, L.P. as Amended and Restated as of January 1, 2000 (filed herewith)
- *10.65 Advisory Agreement dated January 30, 2000 (Exhibit 10.37 to Form S-11 Registration Statement of Wells Real Estate Investment Trust, Inc., as amended to date, Commission File No. 333-83933)

- *10.66 Amended and Restated Property Management and Leasing Agreement (Exhibit 10.3 to Form S-11 Registration Statement of Wells Real Estate Investment Trust, Inc., as amended to date, Commission File No. 333-44900)
- *10.67 Lease Agreement for the Metris Building (Exhibit 10.43 to Form S-11 Registration Statement of Wells Real Estate Investment Trust, Inc., as amended to date, Commission File No. 333-83933)
- *10.68 Promissory Note for \$26,725,000 for the Bank of America Loan (Exhibit 10.44 to Form S-11 Registration Statement of Wells Real Estate Investment Trust, Inc., as amended to date, Commission File No. 333-83933)
- *10.69 Mortgage, Assignment and Security Agreement for the Marconi Building and the AT&T Building securing the Bank of America Loan (Exhibit 10.45 to Form S-11 Registration Statement of Wells Real Estate Investment Trust, Inc., as amended to date, Commission File No. 333-83933)
- *10.70 Assumption and Modification Agreement for the Metris Loan (Exhibit 10.42 to Form S-11 Registration Statement of Wells Real Estate Investment Trust, Inc., as amended to date, Commission File No. 333-83933)
- *10.71 Joint Venture Partnership Agreement of Wells Fund XII-REIT Joint Venture Partnership (Exhibit 10.11 to Form S-11 Registration Statement of Wells Real Estate Fund XII, L.P., as amended to date, Commission File No. 33-66657)
- *10.72 Office Lease for the Siemens Building (Exhibit 10.13 to Form S-11 Registration Statement of Wells Real Estate Fund XII, L.P., as amended to date, Commission File No. 33-66657)
- *10.73 Lease Agreement for the Dial Building (Exhibit 10.47 to Form S-11 Registration Statement of Wells Real Estate Investment Trust, Inc., as amended to date, Commission File No. 333-83933)
- *10.74 First Amendment to Lease Agreement for the Dial Building (Exhibit 10.48 to Form S-11 Registration Statement of Wells Real Estate Investment Trust, Inc., as amended to date, Commission File No. 333-83933)
- *10.75 Lease Agreement for the ASML Building (Exhibit 10.51 to Form S-11 Registration Statement of Wells Real Estate Investment Trust, Inc., as amended to date, Commission File No. 333-83933)
- *10.76 First Amendment to Lease Agreement for the ASML Building (Exhibit 10.52 to Form S-11 Registration Statement of Wells Real Estate Investment Trust, Inc., as amended to date, Commission File No. 333-83933)
- *10.77 Ground Lease Agreement for the ASML Building (Exhibit 10.53 to Form S-11 Registration Statement of Wells Real Estate Investment Trust, Inc., as amended to date, Commission File No. 333-83933)
- *10.78 First Amendment to Ground Lease Agreement for the ASML Building (Exhibit 10.54 to Form S-11 Registration Statement of Wells Real Estate Investment Trust, Inc., as amended to date, Commission File No. 333-83933)
- *10.79 Lease Agreement for the Motorola Tempe Building (Exhibit 10.56 to Form S-11 Registration Statement of Wells Real Estate Investment Trust, Inc., as amended to date, Commission File No. 333-83933)

- *10.80 First Amendment to Lease Agreement for the Motorola Tempe Building (Exhibit 10.57 to Form S-11 Registration Statement of Wells Real Estate Investment Trust, Inc., as amended to date, Commission File No. 333-83933)
- *10.81 Ground Lease Agreement for the Motorola Tempe Building (Exhibit 10.58 to Form S-11 Registration Statement of Wells Real Estate Investment Trust, Inc., as amended to date, Commission File No. 333-83933)
- *10.82 Joint Venture Partnership Agreement of Fund VIII-IX-REIT Joint Venture (Exhibit 10.47 to Form S-11 Registration Statement of Wells Real Estate Investment Trust, Inc., as amended to date, Commission File No. 333-44900)
- *10.83 Lease Agreement for the Quest Building (Exhibit 10.51 to Form S-11 Registration Statement of Wells Real Estate Investment Trust, Inc., as amended to date, Commission File No. 333-44900)
- *10.84 Lease Agreement for the Avnet Building (Exhibit 10.48 to Form S-11 Registration Statement of Wells Real Estate Investment Trust, Inc., as amended to date, Commission File No. 333-44900)
- *10.85 Ground Lease Agreement for the Avnet Building (Exhibit 10.49 to Form S-11 Registration Statement of Wells Real Estate Investment Trust, Inc., as amended to date, Commission File No. 333-44900)
- *10.86 Lease Agreement for the Delphi Building (Exhibit 10.50 to Form S-11 Registration Statement of Wells Real Estate Investment Trust, Inc., as amended to date, Commission File No. 333-44900)
- *10.87 Loan Agreement with SouthTrust Bank, N.A. for \$35,000,000 revolving line of credit dated May 3, 2000 (Exhibit 10.70 to Form S-11 Registration Statement of Wells Real Estate Investment Trust, Inc., as amended to date, Commission File No. 333-83933)
- *10.88 Promissory Note for \$35,000,000 to SouthTrust Bank, N.A. (Exhibit 10.71 to Form S-11 Registration Statement of Wells Real Estate Investment Trust, Inc., as amended to date, Commission File No. 333-83933)
- *10.89 Deed of Trust and Security Agreement with SouthTrust, N.A. relating to the Cinemark Building (Exhibit 10.72 to Form S-11 Registration Statement of Wells Real Estate Investment Trust, Inc., as amended to date, Commission File No. 333-83933)
- *10.90 Deed of Trust and Security Agreement with SouthTrust, N.A. relating to the Dial Building (Exhibit 10.73 to Form S-11 Registration Statement of Wells Real Estate Investment Trust, Inc., as amended to date, Commission File No. 333-83933)
- *10.91 Leasehold Deed of Trust and Security Agreement with SouthTrust, N.A. relating to the ASML Building (Exhibit 10.74 to Form S-11 Registration Statement of Wells Real Estate Investment Trust, Inc., as amended to date, Commission File No. 333-83933)
- *10.92 Lease Agreement for the Motorola Building in Plainfield, New Jersey (Exhibit 10.56 to Form S-11 Registration Statement of Wells Real Estate Investment Trust, Inc., as amended to date, Commission File No. 333-83933)
- *10.93 First Amendment to Lease Agreement for the Motorola Building in Plainfield, New Jersey (Exhibit 10.57 to Form S-11 Registration Statement of Wells Real Estate Investment Trust, Inc., as amended to date, Commission File No. 333-83933)
- *10.94 Ground Lease Agreement for the Motorola Building in Plainfield,

New Jersey (Exhibit 10.58 to Form S-11 Registration Statement, as amended to date, Commission File No. 333-83933)

- *10.95 Allonge to Revolving Note relating to the SouthTrust Bank N.A. \$32,393,000 revolving line of credit (Exhibit 10.55 to Form S-11 Registration Statement of Wells Real Estate Investment Trust, Inc., as amended to date, Commission File No. 333-44900)
- *10.96 First Amendment to Revolving Loan Agreement and Other Loan Documents relating to the SouthTrust Bank N.A. \$32,393,000 revolving line of credit (Exhibit 10.56 to Form S-11 Registration Statement of Wells Real Estate Investment Trust, Inc., as amended to date, Commission File No. 333-44900)
- *10.97 Second Note Modification Agreement relating to the SouthTrust Bank N.A. \$12,844,000 revolving line of credit (Exhibit 10.57 to Form S-11 Registration Statement of Wells Real Estate Investment Trust, Inc., as amended to date, Commission File No. 333-44900)
- *10.98 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 (Exhibit 10.58 to Form S-11 Registration Statement of Wells Real Estate Investment Trust, Inc., as amended to date, Commission File No. 333-44900)
- *10.99 Revolving Note relating to the SouthTrust N.A. \$19,003,000 revolving line of credit (Exhibit 10.59 to Form S-11 Registration Statement of Wells Real Estate Investment Trust, Inc., as amended to date, Commission File No. 333-44900)
- *10.100 Revolving Loan Agreement relating to the SouthTrust Bank N.A. \$19,003,000 revolving line of credit (Exhibit 10.60 to Form S-11 Registration Statement of Wells Real Estate Investment Trust, Inc., as amended to date, Commission File No. 333-44900)
- *10.101 Leasehold Deed of Trust and Security Agreement with SouthTrust Bank N.A. relating to the Motorola Tempe Building and the Avnet Building (Exhibit 10.61 to Form S-11 Registration Statement of Wells Real Estate Investment Trust, Inc., as amended to date, Commission File No. 333-44900)
- *10.102 Amended and Restated Revolving Note relating to the SouthTrust Bank N.A. \$7,900,000 revolving line of credit (Exhibit 10.62 to Form S-11 Registration Statement of Wells Real Estate Investment Trust, Inc., as amended to date, Commission File No. 333-44900)
- *10.103 Amended and Restated Loan Agreement relating to the SouthTrust Bank N.A. \$7,900,000 revolving line of credit (Exhibit 10.63 to Form S-11 Registration Statement of Wells Real Estate Investment Trust, Inc., as amended to date, Commission File No. 333-44900)
- *10.104 Credit Line Deed of Trust and Security Agreement to SouthTrust Bank N.A. relating to the Alstom Power Richmond Building (Exhibit 10.64 to Form S-11 Registration Statement of Wells Real Estate Investment Trust, Inc., as amended to date, Commission File No. 333-44900)
- *10.105 First Amendment to Credit Line Deed of Trust and Security Agreement to SouthTrust Bank N.A. relating to the Alstom Power Richmond Building (Exhibit 10.65 to Form S-11 Registration Statement of Wells Real Estate Investment Trust, Inc., as amended to date, Commission File No. 333-44900)
- *10.106 Agreement for Purchase and Sale of Property for the Stone & Webster Building (Exhibit 10.66 to Form S-11 Registration Statement of Wells Real Estate Investment Trust, Inc., as amended

to date, Commission File No. 333-44900)

- *10.107 First Amendment to Agreement for Purchase and Sale of Property for the Stone & Webster Building (Exhibit 10.67 to Form S-11 Registration Statement of Wells Real Estate Investment Trust, Inc., as amended to date, Commission File No. 333-44900)
- *10.108 Promissory Note for \$35,900,000 for the Guaranty Federal Bank Loan (Exhibit 10.68 to Form S-11 Registration Statement of Wells Real Estate Investment Trust, Inc., as amended to date, Commission File No. 333-44900)
- *10.109 Deed of Trust, Mortgage and Security Agreement with Guaranty Federal Bank, F.S.B., relating to the Stone & Webster Building (Exhibit 10.69 to Form S-11 Registration Statement of Wells Real Estate Investment Trust, Inc., as amended to date, Commission File No. 333-44900)
- *10.110 Promissory Note for \$3,000,000 for the Cardinal Paragon Loan (Exhibit 10.70 to Form S-11 Registration Statement of Wells Real Estate Investment Trust, Inc., as amended to date, Commission File No. 333-44900)
- *10.111 Deed of Trust with Cardinal Paragon, Inc. relating to the Stone & Webster Building (Exhibit 10.71 to Form S-11 Registration Statement of Wells Real Estate Investment Trust, Inc., as amended to date, Commission File No. 333-44900)
- *10.112 Lease Agreement with Stone & Webster, Inc. for a portion of the Stone & Webster Building (Exhibit 10.72 to Form S-11 Registration Statement of Wells Real Estate Investment Trust, Inc., as amended to date, Commission File No. 333-44900)
- *10.113 Lease Agreement with Sysco Corporation for a portion of the Stone & Webster Building (Exhibit 10.73 to Form S-11 Registration Statement of Wells Real Estate Investment Trust, Inc., as amended to date, Commission File No. 333-44900)
- *10.114 Purchase Agreement for Metris Minnetonka Building (Exhibit 10.74 to Form S-11 Registration Statement of Wells Real Estate Investment Trust, Inc., as amended to date, Commission File No. 333-44900)
- *10.115 Lease Agreement for the Metris Minnetonka Building (Exhibit 10.75 to Form S-11 Registration Statement of Wells Real Estate Investment Trust, Inc., as amended to date, Commission File No. 333-44900)
- *10.116 Fourth Amendment to Lease Agreement for the Metris Minnetonka Building (Exhibit 10.76 to Form S-11 Registration Statement of Wells Real Estate Investment Trust, Inc., as amended to date, Commission File No. 333-44900)
- *10.117 Guaranty of Lease for the Metris Minnetonka Building (Exhibit 10.77 to Form S-11 Registration Statement of Wells Real Estate Investment Trust, Inc., as amended to date, Commission File No. 333-44900)
- *10.118 Agreement for the Purchase and Sale of Property for the AT&T Call Center Buildings in Oklahoma City, Oklahoma (Exhibit 10.14 to Form S-11 Registration Statement of Wells Real Estate Fund XII, L.P., as amended to date, Commission File No. 333-66657)
- *10.119 First Amendment to Agreement for the Purchase and Sale of Property for the AT&T Call Center Buildings in Oklahoma City, Oklahoma (Exhibit 10.15 to Form S-11 Registration Statement of Wells Real Estate Fund XII, L.P., as amended to date, Commission

File No. 333-66657)

- *10.120 Lease Agreement with AT&T Corp. for a portion of the AT&T Call Center Buildings in Oklahoma City, Oklahoma (Exhibit 10.16 to Form S-11 Registration Statement of Wells Real Estate Fund XII, L.P., as amended to date, Commission File No. 333-66657)

- *10.121 Lease Agreement with Jordan Associates, Inc. for a portion of the AT&T Call Center Buildings in Oklahoma City, Oklahoma (Exhibit 10.17 to Form S-11 Registration Statement of Wells Real Estate Fund XII, L.P., as amended to date, Commission File No. 333-66657)

AGREEMENT OF LIMITED PARTNERSHIP
 OF
 WELLS OPERATING PARTNERSHIP, L.P.
 AS
 AMENDED AND RESTATED
 AS OF
 JANUARY 1, 2000

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AGREEMENT OF LIMITED PARTNERSHIP
 OF
 WELLS OPERATING PARTNERSHIP, L.P.
 AS
 AMENDED AND RESTATED
 AS OF
 JANUARY 1, 2000

RECITALS

WHEREAS, Wells Operating Partnership, L.P. (the "Partnership") was formed as a limited partnership under the laws of the State of Delaware pursuant to a filing of Certificate of Limited Partnership with the Secretary of State of the State of Delaware effective December 19, 1997; and

WHEREAS, an Agreement of Limited Partnership of Wells Operating Partnership, L.P. dated January 29, 1998 (the "Original Agreement") was entered into as of such date by and between Wells Real Estate Investment Trust, Inc., a Maryland corporation (the "General Partner"), and Wells Capital, Inc., a Georgia corporation (the "Original Limited Partner"); and

WHEREAS, the General Partner and the Original Limited Partner are desirous of amending and restating the Original Agreement (as so amended and restated, the "Agreement").

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing, of mutual covenants between the parties hereto, and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree, and the Original Agreement is hereby amended and restated in its entirety, as follows:

ARTICLE I

DEFINED TERMS

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

"Act" means the Delaware Revised Uniform Limited Partnership Act, as it may

be amended from time to time.

"Additional Funds" has the meaning set forth in Section 4.03 hereof.

"Additional Limited Partner" means a Person admitted to the Partnership as a Limited Partner pursuant to Section 4.02 hereof and who is shown as such on the books and records of the Partnership.

"Additional Securities" means any additional REIT Shares (other than REIT Shares issued in connection with an exchange pursuant to Section 8.05 hereof) or rights, options, warrants or convertible or exchangeable securities containing the right to subscribe for or purchase REIT Shares, as set forth in Section 4.02(a)(ii).

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

Administrative Expenses shall not include any administrative costs and expenses incurred by the General Partner that are attributable to Properties or partnership interests in a Subsidiary Partnership that are owned by the General Partner directly.

"Affiliate" means (i) any Person that, directly or indirectly, controls or is controlled by or is under common control with such Person, (ii) any other Person that owns, beneficially, directly or indirectly, 10% or more of the outstanding capital stock, shares or equity interests of such Person, or (iii) any officer, director, employee, partner or trustee of such Person or any Person controlling, controlled by or under common control with such Person (excluding trustees and persons serving in similar capacities who are not otherwise an Affiliate of such Person). For the purposes of this definition, "control" (including the correlative meanings of the terms "controlled by" and "under common control with"), as used with respect to any Person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, through the ownership of voting securities or partnership interests or otherwise.

"Agreed Value" means (i) the fair market value of a Partner's non-cash Capital Contribution as of the date of contribution as agreed to by such Partner and the General Partner as of the date of contribution as set forth on Exhibit A

hereto, as it may be amended from time to time, or (ii) in the case of any contribution or distribution of property other than cash not set forth on Exhibit A, the fair market value of such property as determined by the General

Partner at the time such property is contributed or distributed, reduced by liabilities either assumed by the Partnership or Partner upon such contribution or distribution or to which such property is subject when the property is contributed or distributed.

"Agreement" means this Agreement of Limited Partnership, as it may be amended or restated from time to time.

"Articles of Incorporation" means the Articles of Incorporation of the General Partner filed with the Maryland State Department of Assessments and Taxation, as amended or restated from time to time.

"Call Notice" means a Call Notice, as defined in Section 8.06(a) hereof and substantially in the form of Exhibit C hereto.

"Call Right" has the meaning provided in Section 8.06(a) hereof.

"Capital Account" has the meaning provided in Section 4.04 hereof.

"Capital Contribution" means the total amount of cash, cash equivalents, and the Agreed Value of any Property or other asset contributed or agreed to be contributed, as the context requires, to the Partnership by each Partner pursuant to the terms of the Agreement. Any reference to the Capital Contribution of a Partner shall include the Capital Contribution made by a predecessor holder of the Partnership Interest of such Partner.

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"Cash Amount" means an amount of cash equal to the Value of the REIT Shares Amount on the date of receipt by the General Partner of an Exchange Notice.

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

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

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

"Conversion Factor" means 1.0, provided, that in the event that the General

Partner (i) declares or pays a dividend on its outstanding REIT Shares in REIT Shares or makes a distribution to all holders of its outstanding REIT Shares in REIT Shares, (ii) subdivides its outstanding REIT Shares, or (iii) combines its outstanding REIT Shares into a smaller number of REIT Shares, the Conversion Factor shall be adjusted by multiplying the Conversion Factor by a fraction, the numerator of which shall be the number of REIT Shares issued and outstanding on the record date for such dividend, distribution, subdivision or combination (assuming for such purposes that such dividend, distribution, subdivision or combination has occurred as of such time), and the denominator of which shall be the actual number of REIT Shares (determined without the above assumption) issued and outstanding on such date and, provided further, that in the event

that an entity other than an Affiliate of the General Partner shall become General Partner pursuant to any merger, consolidation or combination of the General Partner with or into another entity (the "Successor Entity"), the Conversion Factor shall be adjusted by multiplying the Conversion Factor by the number of shares of the Successor Entity into which one REIT Share is converted pursuant to such merger, consolidation or combination, determined as of the date of such merger, consolidation or combination. Any adjustment to the Conversion Factor shall become effective immediately after the effective date of such event retroactive to the record date, if any, for such event; provided, however, that

if the General Partner receives an Exchange Notice after the record date, but prior to the effective date of such dividend, distribution, subdivision or combination, the Conversion Factor shall be determined as if the General Partner had received the Exchange Notice immediately prior to the record date for such dividend, distribution, subdivision or combination.

"Event of Bankruptcy" as to any Person means (i) the filing of a petition for relief as to such Person as debtor or bankrupt under the Bankruptcy Code of

1978 or similar provision of law of any jurisdiction (except if such petition is contested by such Person and has been dismissed within 90 days); (ii) the insolvency or bankruptcy of such Person as finally determined by a court proceeding; (iii) the filing by such Person of a petition or application to accomplish the same or for the appointment of a receiver or a trustee for such Person or a substantial part of his assets; and (iv) the commencement of any proceedings relating to such Person as a debtor under any other reorganization, arrangement, insolvency, adjustment of debt or liquidation law of any jurisdiction, whether now in existence or hereinafter in effect, either by such Person or by another, provided, that

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if such proceeding is commenced by another, such Person indicates his approval of such proceeding, consents thereto or acquiesces therein, or such proceeding is contested by such Person and has not been finally dismissed within 90 days.

"Exchange Amount" means either the Cash Amount or the REIT Shares Amount, as selected by the General Partner in its sole and absolute discretion pursuant to Section 8.05(b) hereof.

"Exchange Notice" means a Notice of Exercise of Exchange Right, as defined in Section 8.05(a) hereof and substantially in the form of Exhibit B hereto.

"Exchange Right" has the meaning provided in Section 8.05(a) hereof.

"Exchanging Partner" has the meaning provided in Section 8.05(a) hereof.

"General Partner" means Wells Real Estate Investment Trust, Inc. a Maryland corporation, and any Person who becomes a substitute or additional General Partner as provided herein, and any of their successors as General Partner.

"General Partnership Interest" means a Partnership Interest held by the General Partner that is a general partnership interest.

"GP Capital" means the aggregate of Capital Contributions of cash made by the General Partner in accordance with Sections 4.01 and 4.02 hereof.

"GP Minimum Return" means such amount as may be necessary or required to allow the General Partner to meet its distribution requirement for qualification as a REIT as set forth in Section 857 of the Code and to avoid any federal income or excise tax liability imposed by the Code.

"Holding Period" means, with respect to Partnership Units acquired by Additional Limited Partners hereunder, the period commencing on the date of issuance of such Units through and including the fourth anniversary of such date of acquisition.

"Indemnitee" means (i) any Person made a party to a proceeding by reason of its status as the General Partner or a director, officer or employee of the General Partner or the Partnership, and (ii) such other Persons (including Affiliates of the General Partner or the Partnership) as the General Partner may designate from time to time, in its sole and absolute discretion.

"Independent Director" means a director of the General Partner who is not an officer or employee of the General Partner, any Affiliate of an officer or employee or any Affiliate of (i) any lessee of any property of the General Partner or any Subsidiary of the General Partner, (ii) any Subsidiary of the General Partner, or (iii) any partnership that is an Affiliate of the General Partner.

"Limited Partner" means the Original Limited Partner, any Person named as a Limited Partner on Exhibit A attached hereto, and any Person who becomes a

Substitute or Additional Limited Partner in such person's capacity as a Limited

Partner in the Partnership.

"Limited Partnership Interest" means the ownership interest of a Limited Partner in the Partnership at any particular time, including the right of such Limited Partner to any and all benefits to which such Limited Partner may be entitled as provided in this Agreement and in the Act,

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together with the obligations of such Limited Partner to comply with all the provisions of this Agreement and of such Act.

"Liquidating Event" has the meaning set forth in Section 2.04 hereof.

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

"LP Capital" means the aggregate of Capital Contributions in cash or cash equivalents and the Agreed Value of any non-cash contributions to the Partnership made by a Limited Partner in accordance with Sections 4.01 and 4.02 hereof.

"LP Return" means, with regard to any Limited Partner, an amount equal to the aggregate cash dividends that would have been payable to such Limited Partner with respect to the applicable fiscal period if such Limited Partner had owned REIT Shares equal in number to the number of Partnership Units owned by such Limited Partner during such fiscal period.

"Net Capital Proceeds" means the net cash proceeds received by the Partnership in connection with (i) any sale of a Property by the Partnership, (ii) any borrowing or refinancing of borrowing(s) by the Partnership, (iii) any condemnation or deeding in lieu of condemnation of all or a portion of any Property, (iv) any collection in respect of property, hazard, or casualty insurance (but not business interruption insurance) or any damage award; or (v) any other transaction the proceeds of which, in accordance with generally accepted accounting principles, are considered to be capital in nature, in each case, after deduction of (a) all costs and expenses incurred by the Partnership with regard to such transactions (including, without limitation, any repayment of any indebtedness required to be repaid as a result of such transaction or which the General Partner elects to pay out of the proceeds of such transaction, together with accrued interest and premium, if any, thereon and any sales commissions or other costs or expenses due and payable to any Person in connection therewith, including to a Partner or its Affiliates), and (b) all amounts expended by the Partnership for the acquisition of additional Properties or for capital repairs or improvements to any Property with such cash proceeds.

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

"Offering" means the initial offer and sale by the General Partner and the purchase by the Dealer Manager (as defined in the Prospectus) of REIT Shares for sale to the public.

"Original Limited Partner" means the Limited Partner designated as "Original Limited Partner" on Exhibit A hereto.

"Partner" means any General Partner or Limited Partner.

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

"Partnership" means Wells Operating Partnership, L.P., a Delaware limited partnership.

"Partnership Interest" means an ownership interest in the Partnership held by either a Limited Partner or the General Partner and includes any and all

benefits to which the holder of such

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a Partnership Interest may be entitled as provided in this Agreement, together with all obligations of such Person to comply with the terms and provisions of this Agreement.

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

"Partnership Record Date" means the record date established by the General Partner for the distribution of cash pursuant to Section 5.02 hereof, which record date shall be the same as the record date established by the General Partner for a distribution to its shareholders.

"Partnership Unit" means a fractional, undivided share of the Partnership Interests of all Partners issued hereunder. The allocation of Partnership Units among the Partners shall be as set forth on Exhibit A, as it may be amended from

time to time.

"Percentage Interest" means the percentage ownership interest in the Partnership of each Partner, as determined by dividing the number of Partnership Units owned by a Partner by the aggregate number of Partnership Units owned by all Partners.

"Person" means any individual, partnership, corporation, joint venture, limited liability company, trust or other entity.

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

"Property" means any office or industrial real property in which the Partnership holds an ownership interest, either directly or pursuant to the Partnership's ownership of an interest in a subsidiary which owns an interest in any such office or industrial real property.

"Prospectus" means the final prospectus delivered to purchasers of REIT Shares in the Offering.

"Regulations" means the Federal Income Tax Regulations, including temporary or proposed regulations, issued under the Code, as amended and as hereafter amended from time to time. Reference to any particular provision of the Regulations shall mean that provision of the Regulations on the date hereof and any successor provision of the Regulations.

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

"REIT Expenses" means (i) costs and expenses relating to the formation and continuity of existence and operation of the General Partner and any Subsidiaries thereof (which Subsidiaries shall, for purposes hereof, be included within the definition of General Partner), including taxes, fees and assessments associated therewith, any and all costs, expenses or fees payable to any director, officer, or employee of the General Partner, (ii) costs and expenses relating to (A) any registration and public offering of securities by the General Partner, the net proceeds of which were used to make a contribution to the Partnership, and (B) all statements and reports incidental thereto, including, without limitation, underwriting discounts and selling commissions applicable to any

such offering of securities, and any costs and expenses associated with any claims made by any holders of such securities or any underwriters or placement agents thereof, (iii) costs and expenses associated with any repurchase of any securities by the General Partner, (iv) costs and expenses associated with the preparation and filing, of any periodic or other reports and communications by the General Partner under federal, state or local laws or regulations, including filings with the Commission, (v) costs and expenses associated with compliance by the General Partner with laws, rules and regulations promulgated by any regulatory body, including the Commission and any securities exchange, (vi) costs and expenses associated with any section 401(k) plan, incentive plan, bonus plan or other plan providing for compensation for the employees of the General Partner, (vii) costs and expenses incurred by the General Partner relating to any issuance or redemption of Partnership Interests or REIT Shares, and (viii) all other operating or administrative costs of the General Partner incurred in the ordinary course of its business on behalf of or in connection with the Partnership.

"REIT Share" means a share of common stock in the General Partner (or Successor Entity, as the case may be).

"REIT Shares Amount" means a number of REIT Shares equal to the product of the number of Partnership Units offered for exchange by an Exchanging Partner, multiplied by the Conversion Factor as adjusted to and including the Specified Exchange Date; provided that in the event the General Partner issues to all

holders of REIT Shares rights, options, warrants or convertible or exchangeable securities entitling the shareholders to subscribe for or purchase REIT Shares, or any other securities or property (collectively, the "rights"), and the rights have not expired at the Specified Exchange Date, then the REIT Shares Amount shall also include the rights issuable to a holder of the REIT Shares on the record date fixed for purposes of determining the holders of REIT Shares entitled to rights.

"Securities Act" means the Securities Act of 1933, as amended.

"Service" means the Internal Revenue Service.

"Specified Exchange Date" means the first business day of the month first occurring after the expiration of 60 business days from the date of receipt by the General Partner of the Exchange Notice.

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

"Subsidiary Partnership" means any partnership in which partnership interests are owned by the General Partner or by a wholly-owned Subsidiary of the General Partner.

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

"Successor Entity" has the meaning provided in the definition of "Conversion Factor" contained herein.

"Survivor" has the meaning set forth in Section 7.01(d) hereof.

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

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

"Transfer Restriction Date" means the effective date upon which the Original Limited Partner shall cease acting as the advisor to the General Partner under the terms of an advisory agreement entered into between the Original Limited Partner and the General Partner.

"Unpaid Return" means any accrued but unpaid LP Return or GP Minimum Return less all amounts distributed by the Partnership to a Limited Partner or the

General Partner in reduction thereof.

"Value" means, with respect to any security, the average of the daily market price of such security for the ten consecutive trading days immediately preceding the date as of which such Value is to be determined. The market price for each such trading day shall be: (i) if the security is listed or admitted to trading on any securities exchange, the sale price, regular way, on such day, or if no such sale takes place on such day, the average of the closing bid and asked prices, regular way, on such day; (ii) if the security is not listed or admitted to trading on any securities exchange, the last reported sale price on such day or, if no sale takes place on such day, the average of the closing bid and asked prices on such day, as reported by a reliable quotation source designated by the General Partner; or (iii) if the security is not listed or admitted to trading on any securities exchange and no such last reported sale price or closing bid and asked prices are available, the average of the reported high bid and low asked prices on such day, as reported by a reliable quotation source designated by the General Partner, or if there shall be no bid and asked prices on such day, the average of the high bid and low asked prices, as so reported, on the most recent day (not more than ten days prior to the date in question) for which prices have been so reported; provided, that if there are no

bid and asked prices reported during the ten days prior to the date in question, the value of the security shall be determined by the General Partner acting in good faith on the basis of such quotations and other information as it considers, in its reasonable judgment, appropriate. In the event the security includes any additional rights, then the value of such rights shall be determined by the General Partner acting in good faith on the basis of such quotations and other information as it considers, in its reasonable judgment, appropriate.

ARTICLE II

PARTNERSHIP FORMATION AND IDENTIFICATION -----

2.01 Formation. The Partnership is a limited partnership formed pursuant

to the Act and upon the terms and conditions set forth in this Agreement.

2.02 Name, Office and Registered Agent. The name of the Partnership is

Wells Operating Partnership, L.P. The specified office and place of business of the Partnership shall be 6200 The Corners Parkway, Suite 250, Norcross, Georgia 30092. The General Partner may at any time change the location of such office, provided the General Partner gives notice to the Partners of any such change. The name and address of the Partnership's registered agent is The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle County, Delaware 19801. The sole duty of the registered agent as such is to forward to the Partnership any notice that is served on it as registered agent.

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2.03 Partners.

(a) The General Partner of the Partnership is Wells Real Estate Investment Trust, Inc., a Maryland corporation. Its principal place of business is the same as that of the Partnership.

(b) The Limited Partners are those Persons identified as Limited Partners on Exhibit A hereto, as it may be amended from time to time.

2.04 Term and Dissolution.

(a) The term of the Partnership shall continue in full force and effect until December 31, 2050, except that the Partnership shall be dissolved earlier upon the first to occur of any of the following events ("Liquidating Events"):

(i) the occurrence of an Event of Bankruptcy as to a General Partner or the dissolution, death, removal or withdrawal of a General Partner unless the business of the Partnership is continued pursuant to Section 7.03(b) hereof, provided, that if a General Partner is on the date

of such occurrence a partnership, the dissolution of such General Partner as a result of the dissolution, death, withdrawal, removal or Event of Bankruptcy of a partner in such partnership shall not be an event of dissolution of the Partnership if the business of such General Partner is continued by the remaining partner or partners thereof, either alone or with additional partners, and such General Partner and such partners comply with any other applicable requirements of this Agreement;

(ii) the passage of 90 days after the sale or other disposition of all or substantially all of the assets of the Partnership (provided, that

if the Partnership receives an installment obligation as consideration for such sale or other disposition, the Partnership shall continue, unless sooner dissolved under the provisions of this Agreement, until such time as such obligation is paid in full);

(iii) the exchange of all Limited Partnership Interests (other than any of such interests held by the General Partner or Affiliates of the General Partner); or

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

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

2.05 Filing of Certificate and Perfection of Limited Partnership. The

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

2.06 Certificates Describing Partnership Units. At the request of a

Limited Partner, the General Partner may, at its option and in its discretion, issue a certificate summarizing the terms of such Limited Partner's interest in the Partnership, including the number of Partnership Units owned as of the date

of such certificate. If issued, any such certificates (a) shall be in form and substance as approved by the General Partner, (b) shall not be negotiable, and (c) shall bear a legend substantially similar to the following:

"This certificate is not negotiable. The Partnership Units represented by this certificate are governed by and transferable only in accordance with the provisions of the Agreement of Limited Partnership of Wells Operating Partnership, L.P., as amended from time to time."

ARTICLE III

BUSINESS OF THE PARTNERSHIP

The purpose and nature of the business to be conducted by the Partnership is (a) to conduct any business that may be lawfully conducted by a limited partnership organized pursuant to the Act, provided, however, that such business shall be limited to and conducted in such a manner as to permit the General Partner at all times to qualify as a REIT, unless the General Partner otherwise ceases to qualify as a REIT, (b) to enter into any partnership, joint venture or other similar arrangement to engage in any of the foregoing or the ownership of interests in any entity engaged in any of the foregoing, and (c) to do anything necessary or incidental to the foregoing. In connection with the foregoing, and without limiting the General Partner's right in its sole and absolute discretion to cease qualifying as a REIT, the Partners acknowledge that the General Partner's current status as a REIT and the avoidance of income and excise taxes on the General Partner inures to the benefit of all the Partners and not solely to the General Partner. Notwithstanding the foregoing, the Limited Partners agree that the General Partner may terminate its status as a REIT under the Code at any time to the full extent permitted under its Articles of Incorporation. The General Partner shall also be empowered to do any and all acts and things necessary or prudent to ensure that the Partnership will not be classified as a "publicly traded partnership" for purposes of Section 7704 of the Code.

ARTICLE IV

CAPITAL CONTRIBUTIONS AND ACCOUNTS

4.01 Capital Contributions. The General Partner and the Original Limited Partner have made Capital Contributions to the Partnership in exchange for the Partnership Units set forth opposite their names on Exhibit A. At such time as Additional Limited Partners are admitted to the Partnership, each shall make Capital Contributions as set forth opposite their names on Exhibit A, as it may be amended from time to time.

4.02 Additional Capital Contributions and Issuances of Additional Partnership Interests. Except as provided in this Section 4.02 or in Section 4.03, the Partners shall have no right or obligation to make any additional Capital Contributions or loans to the Partnership. The General Partner may contribute additional capital to the Partnership, from time to time, and receive additional Partnership Units in respect thereof in the manner contemplated by this Section 4.02.

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(a) Issuances of Additional Partnership Interests.

(i) General. The General Partner is hereby authorized to cause the Partnership to issue additional Partnership Interests in the form of

Partnership Units for any Partnership purpose, at any time or from time to time, to the Partners (including the General Partner) or to other Persons for such consideration and on such terms and conditions as shall be established by the General Partner in its sole and absolute discretion, all without the approval of any Limited Partners. Any additional Partnership Interests issued thereby may be issued in one or more classes, or one or more series of any of such classes, with such designations, preferences and relative participating, optional or other special rights, powers and duties, including rights, powers and duties senior to Limited Partnership Interests, all as shall be determined by the General Partner in its sole and absolute discretion and without the approval of any Limited Partner, subject to Delaware law, including, without limitation, (A) the allocations of items of Partnership income, gain, loss, deduction and credit to each such class or series of Partnership Interests; (B) the right of each such class or series of Partnership Interests to share in Partnership distributions; and (C) the rights of each such class or series of Partnership Interests upon dissolution and liquidation of the Partnership; provided,

however, that no additional Partnership Interests shall be issued to the General

Partner unless:

- (1) the additional Partnership Interests are issued in connection with an issuance of REIT Shares or other interests in, the General Partner, which shares or interests have designations, preferences and other rights such that the economic interests are substantially similar to the designations, preferences and other rights of the additional Partnership Interests issued to the General Partner by the Partnership in accordance with this Section 4.02, and the General Partner shall make a Capital Contribution to the Partnership in an amount equal to the proceeds raised in connection with the issuance of such shares of stock of or other interests in the General Partner;
- (2) the additional Partnership Interests are issued in exchange for property owned by the General Partner with a fair market value, as determined by the General Partner, in good faith, equal to the value of the Partnership Interests; or
- (3) the additional Partnership Interests are issued to all Partners in proportion to their respective Percentage Interests.

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

(ii) Upon Issuance of Additional Securities. The General Partner shall

not issue any additional REIT Shares (other than REIT Shares issued in connection with an exchange made pursuant to Section 8.05 hereof) or rights, options, warrants or convertible or exchangeable securities containing the right to subscribe for or purchase REIT Shares (collectively, "Additional Securities") other than to all holders of REIT Shares, unless (A) the General Partner shall

cause the Partnership to issue to the General Partner, as the General Partner may designate, Partnership Interests or rights, options, warrants or convertible or exchangeable securities of the Partnership having designations, preferences and other rights such that the economic interests are substantially similar to those of the Additional Securities, and (B) the General Partner contributes the proceeds

from the issuance of such Additional Securities and from any exercise of rights contained in such Additional Securities, directly and through the General Partner, to the Partnership; provided, however, that the General Partner is

allowed to issue Additional Securities in connection with an acquisition of a property to be held directly by the General Partner, but if and only if, such direct acquisition and issuance of Additional Securities have been approved and determined to be in the best interests of the General Partner and the Partnership by a majority of the Independent Directors. Without limiting the foregoing, the General Partner is expressly authorized to issue Additional Securities for less than fair market value, and to cause the Partnership to issue to the General Partner corresponding Partnership Interests, so long as (1) the General Partner concludes in good faith that such issuance is in the best interests of the General Partner and the Partnership, including without limitation, the issuance of REIT Shares and corresponding Partnership Units pursuant to an employee share purchase plan providing for employee purchases of REIT Shares at a discount from fair market value or employee stock options that have an exercise price that is less than the fair market value of the REIT Shares, either at the time of issuance or at the time of exercise, and (2) the General Partner contributes all proceeds from such issuance to the Partnership.

(b) Certain Deemed Contributions of Proceeds of Issuance of REIT Shares.

In connection with any and all issuances of REIT Shares, the General Partner shall make Capital Contributions to the Partnership of the proceeds therefrom, provided, that if the proceeds actually received and contributed by the General

Partner are less than the gross proceeds of such issuance as a result of any underwriter's discount or other expenses paid or incurred in connection with such issuance, then the General Partner shall be deemed to have made Capital Contributions to the Partnership in the aggregate amount of the gross proceeds of such issuance and the Partnership shall be deemed simultaneously to have paid such offering expenses in accordance with Section 6.05 hereof and in connection with the required issuance of additional Partnership Units to the General Partner for such Capital Contributions pursuant to Section 4.02(a) hereof.

(c) Original Limited Partner Deemed Contributions. In the event the

Original Limited Partner elects to defer any distribution of cash hereunder to be made to it pursuant to Section 5.02(a) hereof, then such amount shall be deemed to be an additional contribution of capital to the Partnership by the Original Limited Partner, which shall be added to the Original Limited Partner's Capital Contribution to the Partnership and the Original Limited Partner's Capital Account as established and maintained under Section 4.04 hereof.

4.03 Additional Funding. If the General Partner determines that it is in

the best interests of the Partnership to provide for additional Partnership funds ("Additional Funds") for any Partnership purpose, the General Partner may (a) cause the Partnership to obtain such funds from outside borrowings, or (b) elect to have the General Partner or any of its Affiliates provide such Additional Funds to the Partnership through loans or otherwise.

4.04 Capital Accounts. A separate capital account (a "Capital Account")

shall be established and maintained for each Partner in accordance with Regulations Section 1.704-1(b)(2)(iv). If (a) a new or existing Partner acquires an additional Partnership Interest in exchange for more than a de minimis
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Capital Contribution, (b) the Partnership distributes to a Partner more than a de minimis amount of Partnership property as consideration for the redemption of
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a Partnership Interest, or (c) the Partnership is liquidated within the meaning of Regulations Section 1.704-1(b)(2)(ii)(g), the General Partner shall revalue the Property of the Partnership to its fair market value (as determined by the General Partner, in its sole and absolute discretion, and taking into account Section 7701(g) of the Code) in accordance with Regulations Section 1.704-1(b)(2)(iv)(f). When the Partnership's property is revalued by the General Partner, the Capital

Accounts of the Partners shall be adjusted in accordance with Regulations Sections 1.704-1(b)(2)(iv)(f) and (g), which generally require such Capital Accounts to be adjusted to reflect the manner in which the unrealized gain or loss inherent in such property (that has not been reflected in the Capital Accounts previously) would be allocated among the Partners pursuant to Section 5.01 if there were a taxable disposition of such property for its fair market value (as determined by the General Partner, in its sole and absolute discretion, and taking into account Section 7701(g) of the Code) on the date of the revaluation.

4.05 Percentage Interests. If the number of outstanding Partnership Units

increases or decreases during a taxable year, each Partner's Percentage Interest shall be adjusted by the General Partner effective as of the date of each such increase or decrease to a percentage equal to the number of Partnership Units held by such Partner divided by the aggregate number of Partnership Units outstanding after giving effect to such increase or decrease. In such event, the General Partner shall revalue the Property of the Partnership and the Capital Account for each Partner shall be adjusted as set forth in Section 4.04 hereof. If the Partners' Percentage Interests are adjusted pursuant to this Section 4.05, the Profit and Loss for the taxable year in which the adjustment occurs shall be prorated between the part of the year ending on the day when the Partnership's property is revalued by the General Partner and the part of the year beginning on the following day and, as so divided, shall be allocated to the Partners based on their Percentage Interests before adjustment, and their adjusted Percentage Interests, respectively, either (a) as if the taxable year had ended on the date of the adjustment or (b) based on the number of days in each part. The General Partner, in its sole and absolute discretion, shall determine which method shall be used to allocate Profit and Loss for the taxable year in which an adjustment occurs, as may be required or permitted under Section 706 of the Code.

4.06 No Interest on Contributions. No Partner shall be entitled to interest

on its Capital Contribution.

4.07 Return of Capital Contributions. No Partner shall be entitled to

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

4.08 No Third Party Beneficiary. No creditor or other third party having

dealings with the Partnership shall have the right to enforce the right or obligation of any Partner to make Capital Contributions or loans or to pursue any other right or remedy hereunder or at law or in equity, it being understood and agreed that the provisions of this Agreement shall be solely for the benefit of, and may be enforced solely by, the parties hereto and their respective successors and assigns. None of the rights or obligations of the Partners herein set forth to make Capital Contributions or loans to the Partnership shall be deemed an asset of the Partnership for any purpose by any creditor or other third party, nor may such rights or obligations be sold, transferred or assigned by the Partnership or pledged or encumbered by the Partnership to secure any debt or other obligation of the Partnership or of any of the Partners. In addition, it is the intent of the parties hereto that no distribution to any Limited Partner shall be deemed a return of money or other property in violation of the Act. However, if any court of competent jurisdiction holds that, notwithstanding the provisions of this Agreement, any Limited Partner is obligated to return such money or property, such obligation shall be the obligation of such Limited Partner and not of the General Partner. Without limiting the generality of the foregoing, a deficit Capital Account of a Partner shall not be deemed to be a liability of such Partner nor an asset or property of the Partnership.

ARTICLE V

PROFIT AND LOSS; DISTRIBUTIONS
-----5.01 Allocation of Profit and Loss.

(a) After giving effect to the special allocations set forth in Sections 5.01(b), (c) and (d), Profit for each fiscal year of the Partnership shall be allocated as follows: (i) first to the Partners, pro rata, in accordance with and in proportion to their respective Partnership Interests, in amounts equal to the amount of cash distributed to the Partners pursuant to Section 5.02(a) hereof with respect such fiscal year; (ii) second, to the extent the amount of Profit for such fiscal year exceeds the amount of cash distributed to the Partners pursuant to Section 5.02(a) hereof, such excess shall be allocated to the General Partner and the Limited Partners in amounts and in proportion to the cumulative Loss allocated to the General Partner pursuant to clause (y) of this Section 5.01(a) and the cumulative Loss allocated to the Limited Partners pursuant to clause (x) of this Section 5.01(a), respectively; and (iii) finally, the balance, if any, of Profit shall be allocated to the Partners in accordance with and in proportion to their respective Percentage Interests. Notwithstanding the foregoing, however, it is the intent of the Partners that allocations of Profit to the Limited Partners be such that the amount of Profit allocated to each Limited Partner be equal to the amount of income that would have been allocated to such Limited Partner with respect to the applicable fiscal period if such Limited Partner had owned REIT Shares equal in number to the number of Partnership Units owned by such Limited Partner during such fiscal period, and if, for any reason, the foregoing allocations of Profit result in any material variation from this concept, Profit shall be allocated to each Limited Partner in an amount equal to the aggregate amount of income that would have been allocated to such Limited Partner with respect to the applicable fiscal period if such Limited Partner had owned REIT Shares equal in number to the number of Partnership Units owned by such Limited Partner during such fiscal period. After giving effect to the special allocations set forth in Sections 5.01(b), (c) and (d), Loss for a fiscal year of the Partnership shall be allocated as follows: (w) first, to the Partners, pro rata, in accordance with and in proportion to their respective Partnership Interests, until the cumulative Loss allocated to each Partner under this clause (w) equals the cumulative Profit allocated to each Partner under clause (ii) of this Section 5.01(a); (x) second, to the Limited Partners in an amount equal to each such Limited Partner's Capital Account balance prior to the allocation made under this clause (x); (y) third, to the General Partner in an amount equal to the General Partner's Capital Account balance prior to the allocation made under this clause (y); and (z) fourth, to the General Partner to the extent that any further allocation of Loss to Limited Partners would result in any such Limited Partners having a deficit balance in their Capital Accounts.

(b) Notwithstanding any provision to the contrary herein, (i) any expense of the Partnership that is a "nonrecourse deduction" within the meaning of Regulations Section 1.704-2(b)(1) shall be allocated in accordance with the Partners' respective Percentage Interests, (ii) any expense of the Partnership that is a "partner nonrecourse deduction" within the meaning of Regulations Section 1.704-2(i)(2) shall be allocated to the Partner that bears the "economic risk of loss" of such deduction in accordance with Regulations Section 1.704-2(i)(1), (iii) if there is a net decrease in Partnership Minimum Gain within the meaning of Regulations Section 1.704-2(f)(1) for any Partnership taxable year, then, subject to the exceptions set forth in Regulations Section 1.704-2(f)(2), (3), (4) and (5), items of gain and income shall be allocated among the Partners in accordance with Regulations Section 1.704-2(f) and the ordering rules contained in Regulations Section 1.704-2(j), and (iv) if there is a net decrease in Partner nonrecourse debt minimum gain

within the meaning of Regulations Section 1.704-2(i)(4) for any Partnership taxable year, then, subject to the exceptions set forth in Regulations Section 1.704-2(g), items of gain and income shall be allocated among the Partners, in accordance with Regulations Section 1.704-2(i)(4) and the ordering rules contained in Regulations Section 1.704-2(j). A Partner's "interest in partnership profits" for purposes of determining its share of the nonrecourse liabilities of the Partnership within the meaning of Regulations Section 1.752-3(a)(3) shall be such Partner's Percentage Interest.

(c) If a Partner receives in any taxable year an adjustment, allocation, or distribution described in subparagraphs (4), (5), or (6) of Regulations Section 1.704-1(b)(2)(ii)(d) that causes or increases a deficit balance in such Partner's Capital Account that exceeds the sum of such Partner's shares of Partnership Minimum Gain and Partner nonrecourse debt minimum gain, as determined in accordance with Regulations Sections 1.704-2(g) and 1.704-2(i), such Partner shall be allocated specially for such taxable year (and, if necessary, later taxable years) items of income and gain in an amount and manner sufficient to eliminate such deficit Capital Account balance as quickly as possible as provided in Regulations Section 1.704-1(b)(2)(ii)(d). After the occurrence of an allocation of income or gain to a Partner in accordance with this Section 5.01(c), to the extent permitted by Regulations Section 1.704-1(b), items of expense or loss shall be allocated to such Partner in an amount necessary to offset the income or gain previously allocated to such Partner under this Section 5.01(c).

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

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

(f) "Profit" and "Loss" and any items of income, gain, expense, or loss referred to in this Agreement shall be determined in accordance with federal income tax accounting principles, as modified by Regulations Section 1.704-1(b)(2)(iv), except that Profit and Loss shall not include items of income, gain and expense that are specially allocated pursuant to Sections 5.01(b), 5.01(c), or 5.01(d). All allocations of income, Profit, gain, Loss, and expense (and all items contained therein) for federal income tax purposes shall be identical to all allocations of such items set forth in this Section 5.01, except as otherwise required by Section 704(c) of the Code and Regulations Section 1.704-1(b)(4). The General Partner shall have the authority, in its sole and absolute discretion and without the need for consent from any Partner, to elect the method or methods to be used by the Partnership for allocating items of income, gain, expense and deductions as required by Section

more Partners receiving or being allocated a disproportionately larger share of items of Partnership income, gain, expense or deduction, and any such election shall be binding on all Partners.

5.02 Distributions of Cash.

(a) The Partnership shall distribute cash on a quarterly (or, at the election of the General Partner, more frequent) basis, in an amount determined by the General Partner in its sole and absolute discretion, to the Partners who are Partners on the Partnership Record Date with respect to such quarter (or other distribution period) in the following manner: (i) first, to the General Partner in an amount equal to the GP Minimum Return with respect to the fiscal year of the General Partner; (ii) second, to the Limited Partners pro rata among them in proportion to the Unpaid LP Return, if any, owing to each such Limited Partners with respect to prior fiscal years, in an amount equal to the Unpaid LP Return for such prior fiscal years owing to each such Limited Partner; (iii) third, after the establishment of reasonable cash reserves to meet REIT Expenses and other obligations of the Partnership, as determined in the sole and absolute discretion of the General Partner, to the General Partner and the Limited Partners in such aggregate amount as may be determined by the General Partner in its sole and absolute discretion to be allocated among the General Partner and the Limited Partners such that each Limited Partner will receive an amount equal to its LP Return for such fiscal year; and (iv) finally, to the Partners in accordance with and in proportion to their respective Percentage Interests; provided, however, that if a new or existing Partner acquires an additional

Partnership Interest in exchange for a Capital Contribution on any date other than a Partnership Record Date, the cash distribution attributable to such additional Partnership Interest relating to the Partnership Record Date next following the issuance of such additional Partnership Interest shall be reduced to the proportion thereof which equals (i) the number of days that such additional Partnership Interest is held by such Partner divided by (ii) the number of days between such Partnership Record Date and the immediately preceding Partnership Record Date. Notwithstanding the foregoing, however, the Original Limited Partner may, in its sole and absolute discretion, elect to defer any distribution to be made to it, in which case the amount so deferred shall be deemed to be an additional Capital Contribution made on behalf of the Original Limited Partner under Section 4.02(c) hereof, to be distributed to the Original Limited Partner upon liquidation of the Partnership under Section 5.06 hereof, or at such time as the Original Limited Partner may otherwise be allowed to withdraw from the Partnership after the Transfer Restriction Date.

(b) Notwithstanding any other provision of this Agreement, the General Partner is authorized to take any action that it determines to be necessary or appropriate to cause the Partnership to comply with any withholding requirements established under the Code or any other federal, state or local law including, without limitation, the requirements of Sections 1441, 1442, 1445 and 1446 of the Code. To the extent that the Partnership is required to withhold and pay over to any taxing authority any amount resulting from the allocation or distribution of income to a Partner or its assignee (including by reason of Section 1446 of the Code), either (i) if the actual amount to be distributed to the Partner or assignee equals or exceeds the amount required to be withheld by the Partnership, the amount withheld shall be treated as a distribution of cash in the amount of such withholding to such Partner or assignee, or (ii) if the actual amount to be distributed to the Partner or assignee is less than the amount required to be withheld by the Partnership, the amount required to be withheld shall be treated as a loan (a "Partnership Loan") from the Partnership to the Partner or assignee on the day the Partnership pays over such amount to a taxing authority. A Partnership Loan shall be repaid through withholding by the Partnership with respect to subsequent distributions to the applicable Partner or assignee. In the event that a Limited Partner

(a "Defaulting Limited Partner") fails to pay any amount owed to the Partnership with respect to the Partnership Loan within 15 days after demand for payment

thereof is made by the Partnership on the Limited Partner, the General Partner, in its sole and absolute discretion, may elect to make the payment to the Partnership on behalf of such Defaulting Limited Partner. In such event, on the date of payment, the General Partner shall be deemed to have extended a loan (a "General Partner Loan") to the Defaulting Limited Partner in the amount of the payment made by the General Partner and shall succeed to all rights and remedies of the Partnership against the Defaulting Limited Partner as to that amount. Without limitation, the General Partner shall have the right to receive any distributions that otherwise would be made by the Partnership to the Defaulting Limited Partner until such time as the General Partner Loan has been paid in full, and any such distributions so received by the General Partner shall be treated as having been received by the Defaulting Limited Partner and immediately paid to the General Partner.

Any amounts treated as a Partnership Loan or a General Partner Loan pursuant to this Section 5.02(b) shall bear interest at the lesser of (A) the base rate on corporate loans at large United States money center commercial banks, as published from time to time in The Wall Street Journal, or (B) the

maximum lawful rate of interest on such obligation, such interest to accrue from the date the Partnership or the General Partner, as applicable, is deemed to extend the loan until such loan is repaid in full.

(c) To the extent not utilized for expenses of the Partnership or for investment in additional Properties, the General Partner may, in its discretion, cause the Partnership to distribute Net Capital Proceeds in such amount as shall be determined by the General Partner in its discretion in accordance with the provisions of Section 5.02(a) hereof.

(d) In no event may a Partner receive a distribution of cash with respect to a Partnership Unit if such Partner is entitled to receive a cash dividend as the holder of record of a REIT Share for which all or part of such Partnership Unit has been or will be exchanged, and the Unpaid LP Return with respect to such Partnership Unit shall be deemed to be reduced by the amount of any such cash dividend.

5.03 REIT Distribution Requirements. The General Partner shall use its

reasonable efforts to cause the Partnership to distribute amounts sufficient to enable the General Partner to pay shareholder dividends that will allow the General Partner to (a) meet its distribution requirement for qualification as a REIT as set forth in Section 857 of the Code and (b) avoid any federal income or excise tax liability imposed by the Code.

5.04 No Right to Distributions in Kind. No Partner shall be entitled to

demand property other than cash in connection with any distributions by the Partnership.

5.05 Limitations on Return of Capital Contributions. Notwithstanding any

of the provisions of this Article V, no Partner shall have the right to receive and the General Partner shall not have the right to make a distribution that includes a return of all or part of a Partner's Capital Contributions, unless after giving effect to the return of a Capital Contribution, the sum of all Partnership liabilities, other than the liabilities to a Partner for the return of its Capital Contribution, does not exceed the fair market value of the Partnership's assets.

5.06 Distributions Upon Liquidation. Upon liquidation of the

Partnership, after payment of, or adequate provision for, debts and obligations of the Partnership, including any Partner loans, any remaining assets of the Partnership shall be distributed to all Partners with

positive Capital Accounts in accordance with their respective positive Capital Account balances. For purposes of the preceding sentence, the Capital Account of each Partner shall be determined after all adjustments made in accordance with Sections 5.01 and 5.02 resulting from Partnership operations and from all sales and dispositions of all or any part of the Partnership's assets have been made. To the extent deemed advisable by the General Partner, appropriate arrangements (including the use of a liquidating trust) may be made to assure that adequate funds are available to pay any contingent debts or obligations.

5.07 Substantial Economic Effect. It is the intent of the Partners that the

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

ARTICLE VI
RIGHTS, OBLIGATIONS AND
POWERS OF THE GENERAL PARTNER

6.01 Management of the Partnership.

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

(i) to acquire, purchase, own, operate, lease and dispose of any real property and any other property or assets including, but not limited to notes and mortgages, that the General Partner determines are necessary or appropriate or in the best interests of the business of the Partnership;

(ii) to construct buildings and make other improvements on the properties owned or leased by the Partnership;

(iii) to authorize, issue, sell, redeem or otherwise purchase any Partnership Interests or any securities (including secured and unsecured debt obligations of the Partnership, debt obligations of the Partnership convertible into any class or series of Partnership Interests, or options, rights, warrants or appreciation rights relating to any Partnership Interests) of the Partnership;

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

(v) to pay, either directly or by reimbursement, for all operating costs and general administrative expenses of the Partnership to third parties or to the General Partner or its Affiliates as set forth in this Agreement;

(vi) to guarantee or become a co-maker of indebtedness of the General Partner or any Subsidiary thereof, refinance, increase the amount of, modify, amend or change the terms of, or extend the time for the payment of, any such guarantee or indebtedness, and secure such guarantee

or indebtedness by mortgage, deed of trust, pledge or other lien on the Partnership's assets;

(vii) to use assets of the Partnership (including, without limitation, cash on hand) for any purpose consistent with this Agreement, including, without limitation, payment, either directly or by reimbursement, of all operating costs and general administrative expenses of the General Partner, the Partnership or any Subsidiary of either, to third parties or to the General Partner as set forth in this Agreement;

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

(ix) to prosecute, defend, arbitrate, or compromise any and all claims or liabilities in favor of or against the Partnership, on such terms and in such manner as the General Partner may reasonably determine, and similarly to prosecute, settle or defend litigation with respect to the Partners, the Partnership, or the Partnership's assets; provided, however,

that the General Partner may not, without the consent of all of the Partners, confess a judgment against the Partnership that is in excess of \$20,000 or is not covered by insurance;

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

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

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

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

(xiv) to establish one or more divisions of the Partnership, to hire and dismiss employees of the Partnership or any division of the Partnership, and to retain legal counsel, accountants, consultants, real estate brokers, and such other persons, as the General Partner may deem necessary or appropriate in connection with the Partnership business and to pay such persons remuneration as the General Partner may deem reasonable and proper;

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

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

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

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

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

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

(xxi) to merge, consolidate or combine the Partnership with or into another Person;

(xxii) to do any and all acts and things necessary or prudent to ensure that the Partnership will not be classified as a "publicly traded partnership" for purposes of Section 7704 of the Code; and

(xxiii) to take such other action, execute, acknowledge, swear to or deliver such other documents and instruments, and perform any and all other acts that the General Partner deems necessary or appropriate for the formation, continuation and conduct of the business and affairs of the Partnership (including, without limitation, all actions consistent with allowing the General Partner at all times to qualify as a REIT unless the General Partner voluntarily terminates its REIT status) and to possess and enjoy all of the rights and powers of a general partner as provided by the Act.

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

6.02 Delegation of Authority. The General Partner may delegate any or

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

6.03 Indemnification and Exculpation of Indemnitees.

(a) The Partnership shall indemnify an Indemnatee from and against any and all losses, claims, damages, liabilities, joint or several, expenses (including reasonable legal fees and expenses), judgments, fines, settlements, and other amounts arising from any and all claims, demands, actions, suits or proceedings, civil, criminal, administrative or investigative, that relate to the operations of the Partnership as set forth in this Agreement in which any Indemnatee may be involved, or is threatened to be involved, as a party or otherwise, unless it is established that: (i) the act or omission of the Indemnatee was material to the matter giving rise to the proceeding and either was committed in bad faith or was the result of active and deliberate dishonesty; (ii) the Indemnatee actually received an improper personal benefit in money, property or services; or (iii) in the case of any criminal proceeding, the Indemnatee had reasonable cause to believe that the act or omission was unlawful. The termination of any proceeding by judgment, order or settlement

does not create a presumption that the Indemnitee did not meet the requisite standard of conduct set forth in this Section 6.03(a). The termination of any proceeding by conviction or upon a plea of nolo contendere or its equivalent, or an entry of an order of probation prior to judgment, creates a rebuttable presumption that the Indemnitee acted in a manner contrary to that specified in this Section 6.03(a). Any indemnification pursuant to this Section 6.03 shall be made only out of the assets of the Partnership.

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

(c) The Indemnification provided by this Section 6.03 shall be in addition to any other rights to which an Indemnitee or any other Person may be entitled under any agreement, pursuant to any vote of the Partners, as a matter of law or otherwise, and shall continue as to an Indemnitee who has ceased to serve in such capacity.

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

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

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

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

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

6.04 Liability of the General Partner.

(a) Notwithstanding anything to the contrary set forth in this Agreement, the General Partner shall not be liable for monetary damages to the Partnership or any Partners for losses sustained or liabilities incurred as a result of errors in judgment or any act or omission if the General Partner acted in good faith. The General Partner shall not be in breach of any duty that the

General Partner may owe to the Limited Partners or the Partnership or any other Persons under this Agreement or of any duty stated or implied by law or equity, provided, the General Partner, acting in good faith, abides by the terms of this ----- Agreement.

(b) The Limited Partners expressly acknowledge that the General Partner is acting on behalf of the Partnership, itself and its shareholders collectively, that the General Partner is under no obligation to consider the separate interests of the Limited Partners (including, without limitation, the tax consequences to Limited Partners or the tax consequences of some, but not all, of the Limited Partners) in deciding whether to cause the Partnership to take (or decline to take) any actions. In the event of a conflict between the interests of its shareholders on the one hand and the Limited Partners on the other, the General Partner shall endeavor in good faith to resolve the conflict in a manner not adverse to either its shareholders or the Limited Partners; provided, however, that for so long as the General Partner directly owns a -----

controlling interest in the Partnership, any such conflict that the General Partner, in its sole and absolute discretion, determines cannot be resolved in a manner not adverse to either its shareholders or the Limited Partners shall be resolved in favor of its shareholders. The General Partner shall not be liable for monetary damages for losses sustained, liabilities incurred, or benefits not derived by Limited Partners in connection with such decisions, provided that the General Partner has acted in good faith.

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

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

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

6.05 Reimbursement of General Partner.

(a) Except as provided in this Section 6.05 and elsewhere in this Agreement (including the provisions of Articles V and VI regarding distributions, payments, and allocations to which it may be entitled), the General Partner shall not be compensated for its services as general partner of the Partnership.

(b) The General Partner shall be reimbursed on a monthly basis, or such other basis as the General Partner may determine in its sole and absolute discretion, for all REIT Expenses and Administrative Expenses.

6.06 Outside Activities. Subject to Section 6.08 hereof, the Articles of

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

6.07 Employment or Retention of Affiliates.

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

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

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

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

6.08 General Partner Participation. The General Partner agrees that all

business activities of the General Partner, including activities pertaining to the acquisition, development or ownership of office or industrial property or other property, shall be conducted through the Partnership or one or more Subsidiary Partnerships; provided, however, that the General Partner is allowed

to make a direct acquisition, but if and only if, such acquisition is made in connection with the issuance of Additional Securities, which direct acquisition and issuance have been approved and determined to be in the best interests of the General Partner and the Partnership by a majority of the Independent Directors.

6.09 Title to Partnership Assets. Partnership assets, whether real,

personal or mixed and whether tangible or intangible, shall be deemed to be owned by the Partnership as an entity, and no Partner, individually or collectively, shall have any ownership interest in such Partnership assets or any portion thereof; provided, that title to any or all of the Partnership

assets may be held in the name of the Partnership, the General Partner or one or more nominees, as the General Partner may determine, including Affiliates of the General Partner. The General Partner hereby declares and warrants that any Partnership assets for which legal title is held in the name of the General Partner or any nominee or Affiliate of the General Partner shall be held by such Person for the use and benefit of the Partnership in accordance with the provisions of this Agreement; provided, that the General Partner shall use its

best efforts to cause legal title to such assets to be vested in the Partnership as soon as reasonably practicable. All Partnership assets shall be recorded as the property of the Partnership in its books and records, irrespective of the name in which legal title to such Partnership assets is held.

6.10 Miscellaneous. In the event the General Partner redeems any REIT

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

ARTICLE VII

CHANGES IN GENERAL PARTNER

7.01 Transfer of the General Partner's Partnership Interest.

(a) The General Partner shall not transfer all or any portion of its General Partnership Interest or withdraw as General Partner except as provided in or in connection with a transaction contemplated by Sections 7.01(c), 7.01(d) or 7.01(e).

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(b) The General Partner agrees that the Percentage Interest for it will at all times, be in the aggregate, at least 1%.

(c) Except as otherwise provided in Section 7.01(d) or (e) hereof, the General Partner shall not engage in any merger, consolidation or other combination with or into another Person or sale of all or substantially all of its assets (other than in connection with a change in the General Partner's state of incorporation or organizational form), which, in any such case, results in a change of control of the General Partner (a "Transaction"), unless:

(i) the consent of Limited Partners holding more than 50% of the Percentage Interests of the Limited Partners is obtained; or

(ii) as a result of such Transaction all Limited Partners are granted the right to receive for each Partnership Unit an amount of cash, securities, or other property equal to the product of the Conversion Factor and the greatest amount of cash, securities or other property paid in the Transaction to a holder of one REIT Share in consideration of the transfer of one REIT Share; provided, that if, in connection with the Transaction, a

purchase, tender or exchange offer ("Offer") shall have been made to and accepted by the holders of more than 50% of the outstanding REIT Shares, each holder of Partnership Units shall be given the option to exchange its Partnership Units for the greatest amount of cash, securities, or other

property which a Limited Partner would have received had it (A) exercised its Exchange Right and (B) sold, tendered or exchanged pursuant to the Offer the REIT Shares received upon exercise of the Exchange Right immediately prior to the expiration of the Offer; or

(iii) the General Partner is the surviving entity in the Transaction and either (A) the holders of REIT Shares do not receive cash, securities, or other property in the Transaction or (B) all Limited Partners (other than the General Partner or any Subsidiary) receive an amount of cash, securities, or other property (expressed as an amount per REIT Share) that is no less than the product of the Conversion Factor and the greatest amount of cash, securities, or other property (expressed as an amount per REIT Share) received in the Transaction by any holder of REIT Shares.

(d) Notwithstanding Section 7.01(c), the General Partner may merge with or into or consolidate with another entity if immediately after such merger or consolidation (i) substantially all of the assets of the successor or surviving entity (the "Survivor"), other than Partnership Units held by the General Partner, are contributed, directly or indirectly, to the Partnership as a Capital Contribution in exchange for Partnership Units with a fair market value equal to the value of the assets so contributed as determined by the Survivor in good faith and (ii) the Survivor expressly agrees to assume all obligations of the General Partner, as appropriate, hereunder. Upon such contribution and assumption, the Survivor shall have the right and duty to amend this Agreement as set forth in this Section 7.01(d). The Survivor shall in good faith arrive at a new method for the calculation of the Cash Amount, the REIT Shares Amount and the Conversion Factor for a Partnership Unit after any such merger or consolidation so as to approximate the existing method for such calculation as closely as reasonably possible. Such calculation shall take into account, among other things, the kind and amount of securities, cash and other property that was receivable upon such merger or consolidation by a holder of REIT Shares or options, warrants or other rights relating thereto, and which a holder of Partnership Units could have acquired had such Partnership Units been exchanged immediately prior to such merger or consolidation. Such amendment to this Agreement shall provide for adjustments to such method of calculation, which shall be as nearly

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equivalent as may be practicable to the adjustments provided for herein with respect to the Conversion Factor. The Survivor also shall in good faith modify the definition of REIT Shares and make such amendments to Section 8.05 hereof so as to approximate the existing rights and obligations set forth in Section 8.05 as closely as reasonably possible. The above provisions of this Section 7.01(d) shall similarly apply to successive mergers or consolidations permitted hereunder.

In respect of any transaction described in the preceding paragraph, the General Partner is required to use its commercially reasonable efforts to structure such transaction to avoid causing the Limited Partners to recognize a gain for federal income tax purposes by virtue of the occurrence of or their participation in such transaction, provided, such efforts are consistent with

the exercise of the Board of Trustees' fiduciary duties to the shareholders of the General Partner under applicable law.

(e) Notwithstanding Section 7.01(c),

(i) a General Partner may transfer all or any portion of its General Partnership Interest to (A) a wholly-owned Subsidiary of such General Partner or (B) the owner of all of the ownership interests of such General Partner, and following a transfer of all of its General Partnership Interest, may withdraw as General Partner; and

(ii) the General Partner may engage in a transaction not required by law or by the rules of any national securities exchange on which the REIT Shares are listed to be submitted to the vote of the holders of the REIT

Shares.

7.02 Admission of a Substitute or Additional General Partner. A Person

shall be admitted as a substitute or additional General Partner of the Partnership only if the following terms and conditions are satisfied:

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

(b) if the Person to be admitted as a substitute or additional General Partner is a corporation or a partnership, it shall have provided the Partnership with evidence satisfactory to counsel for the Partnership of such Person's authority to become a General Partner and to be bound by the terms and provisions of this Agreement; and

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

7.03 Effect of Bankruptcy, Withdrawal, Death or Dissolution of a General

Partner.

(a) Upon the occurrence of an Event of Bankruptcy as to a General Partner (and its removal pursuant to Section 7.04(a) hereof) or the death, withdrawal, removal or dissolution of a General Partner (except that, if a General Partner is on the date of such occurrence a partnership, the withdrawal, death, dissolution, Event of Bankruptcy as to, or removal of a partner in, such partnership shall be deemed not to be a dissolution of such General Partner if the business of such General Partner is continued by the remaining partner or partners thereof), the Partnership shall be dissolved and terminated unless the Partnership is continued pursuant to Section 7.03(b) hereof. The merger of the General Partner with or into any entity that is admitted as a substitute or successor General Partner pursuant to Section 7.02 hereof shall not be deemed to be the withdrawal, dissolution or removal of the General Partner.

(b) Following the occurrence of an Event of Bankruptcy as to a General Partner (and its removal pursuant to Section 7.04(a) hereof) or the death, withdrawal, removal or dissolution of a General Partner (except that, if a General Partner is on the date of such occurrence a partnership, the withdrawal, death, dissolution, Event of Bankruptcy as to, or removal of a partner in, such partnership shall be deemed not to be a dissolution of such General Partner if the business of such General Partner is continued by the remaining partner or partners thereof), the Limited Partners, within 90 days after such occurrence, may elect to continue the business of the Partnership for the balance of the term specified in Section 2.04 hereof by selecting, subject to Section 7.02 hereof and any other provisions of this Agreement, a substitute General Partner by consent of a majority in interest of the Limited Partners. If the Limited Partners elect to continue the business of the Partnership and admit a substitute General Partner, the relationship with the Partners and of any Person who has acquired an interest of a Partner in the Partnership shall be governed by this Agreement.

7.04 Removal of a General Partner.

(a) Upon the occurrence of an Event of Bankruptcy as to, or the dissolution of, a General Partner, such General Partner shall be deemed to be removed automatically; provided, however, that if a General Partner is on the

date of such occurrence a partnership, the withdrawal, death, dissolution, Event of Bankruptcy as to or removal of a partner in such partnership shall be deemed not to be a dissolution of the General Partner if the business of such General Partner is continued by the remaining partner or partners thereof. The Limited Partners may not remove the General Partner, with or without cause.

(b) If a General Partner has been removed pursuant to this Section 7.04 and the Partnership is continued pursuant to Section 7.03 hereof, such General Partner shall promptly transfer and assign its General Partnership Interest in the Partnership to the substitute General Partner approved by a majority in interest of the Limited Partners in accordance with Section 7.03(b) hereof and otherwise admitted to the Partnership in accordance with Section 7.02 hereof. At the time of assignment, the removed General Partner shall be entitled to receive from the substitute General Partner the fair market value of the General Partnership Interest of such removed General Partner as reduced by any damages caused to the Partnership by such General Partner's removal. Such fair market value shall be determined by an appraiser mutually agreed upon by the General Partner and a majority in interest of the Limited Partners within 10 days following the removal of the General Partner. In the event that the parties are unable to agree upon an appraiser, the removed General Partner and a majority in interest of the Limited Partners each shall select an appraiser. Each such appraiser shall complete an appraisal of the fair market value of the removed General

Partner's General Partnership Interest within 30 days of the General Partner's removal, and the fair market value of the removed General Partner's General Partnership Interest shall be the average of the two appraisals; provided,

however, that if the higher appraisal exceeds the lower appraisal by more than

20% of the amount of the lower appraisal, the two appraisers, no later than 40 days after the removal of the General Partner, shall select a third appraiser who shall complete an appraisal of the fair market value of the removed General Partner's General Partnership Interest no later than 60 days after the removal of the General Partner. In such case, the fair market value of the removed General Partner's General Partnership Interest shall be the average of the two appraisals closest in value.

(c) The General Partnership Interest of a removed General Partner, during the time after removal until the date of transfer under Section 7.04(b), shall be converted to that of a special Limited Partner; provided, however, such

removed General Partner shall not have any rights to participate in the management and affairs of the Partnership, and shall not be entitled to any portion of the income, expense, Profit, gain or Loss allocations or cash distributions allocable or payable, as the case may be. to the Limited Partners. Instead, such removed General Partner shall receive and be entitled only to retain distributions or allocations of such items that it would have been entitled to receive in its capacity as General Partner, until the transfer is effective pursuant to Section 7.04(b).

(d) All Partners shall have given and hereby do give such consents, shall take such actions and shall execute such documents as shall be legally necessary and sufficient to effect all the foregoing provisions of this Section 7.04.

RIGHTS AND OBLIGATIONS
OF THE LIMITED PARTNERS

8.01 Management of the Partnership. The Limited Partners shall not

participate in the management or control of Partnership business nor shall they transact any business for the Partnership, nor shall they have the power to sign for or bind the Partnership, such powers being vested solely and exclusively in the General Partner.

8.02 Power of Attorney. Each Limited Partner hereby irrevocably appoints

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

8.03 Limitation on Liability of Limited Partners. No Limited Partner

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

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8.04 Ownership by Limited Partner of Corporate General Partner or

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

8.05 Exchange Right.

(a) Subject to Sections 8.05(b), 8.05(c), 8.05(d) and 8.05(e) hereof, and subject to the potential modification of any rights or obligations provided for herein by agreement(s) between the Partnership and any one or more Limited Partners with respect to Partnership Units held by them, each Limited Partner shall have the right (the "Exchange Right") to require the Partnership to redeem on a Specified Exchange Date all or a portion of the Partnership Units held by such Limited Partner at an exchange price equal to and in the form of the Cash Amount to be paid by the Partnership; provided, that such Partnership Units

shall have been outstanding for at least one year. The Exchange Right shall be exercised pursuant to the delivery of an Exchange Notice to the Partnership (with a copy to the General Partner) by the Limited Partner who is exercising the Exchange Right (the "Exchanging Partner"); provided, however, that the

Partnership shall not be obligated to satisfy such Exchange Right if the General Partner elects to purchase the Partnership Units subject to the Exchange Notice

pursuant to Section 8.05(b); and provided further, that no Limited Partner may deliver more than two Exchange Notices during each calendar year. A Limited Partner may not exercise the Exchange Right for less than 1,000 Partnership Units or, if such Limited Partner holds less than 1,000 Partnership Units, all of the Partnership Units held by such Partner. The Exchanging Partner shall have no right, with respect to any Partnership Units so exchanged, to receive any distribution paid with respect to Partnership Units if the record date for such distribution is on or after the Specified Exchange Date.

(b) Notwithstanding the provisions of Section 8.05(a), a Limited Partner that exercises the Exchange Right shall be deemed to have also offered to sell the Partnership Units described in the Exchange Notice to the General Partner, and the General Partner may, in its sole and absolute discretion, elect to purchase directly and acquire such Partnership Units by paying to the Exchanging Partner either the Cash Amount or the REIT Shares Amount, as elected by the General Partner (in its sole and absolute discretion), on the Specified Exchange Date, whereupon the General Partner shall acquire the Partnership Units offered for exchange by the Exchanging Partner and shall be treated for all purposes of this Agreement as the owner of such Partnership Units. If the General Partner shall elect to exercise its right to purchase Partnership Units under this Section 8.05(b) with respect to an Exchange Notice, it shall so notify the Exchanging Partner within five business days after the receipt by the General Partner of such Exchange Notice. Unless the General Partner (in its sole and absolute discretion) shall exercise its right to purchase Partnership Units from the Exchanging Partner pursuant to this Section 8.05(b), the General Partner shall have no obligation to the Exchanging Partner or the Partnership with respect to the Exchanging Partner's exercise of an Exchange Right. In the event the General Partner shall exercise its right to purchase Partnership Units with respect to the exercise of an Exchange Right in the manner described in the first sentence of this Section 8.05(b), the Partnership shall have no obligation to pay any amount to the Exchanging Partner with respect to such Exchanging Partner's exercise of such Exchange Right, and each of the Exchanging Partner and the General Partner shall treat the transaction between the General Partner and the Exchanging Partner for federal income tax purposes as a sale of the

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Exchanging Partner's Partnership Units to the General Partner. Each Exchanging Partner agrees to execute such documents as the General Partner may reasonably require in connection with the issuance of REIT Shares to such Exchanging Partner upon exercise of its Exchange Right.

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

that in the event any such restriction is waived, the Exchanging Partner shall be paid the Cash Amount.

(d) Any Cash Amount to be paid to an Exchanging Partner pursuant to this

Section 8.05 shall be paid on the Specified Exchange Date; provided, however,

that the General Partner may elect to cause the Specified Exchange Date to be delayed for up to 180 days to the extent required for the General Partner to cause additional REIT Shares to be issued to provide financing to be used to make such payment of the Cash Amount. Notwithstanding the foregoing, the General Partner agrees to use its best efforts to cause the closing of the acquisition of exchanged Partnership Units hereunder to occur as quickly as reasonably possible.

(e) Notwithstanding any other provision of this Agreement, the General Partner shall place appropriate restrictions on the ability of the Limited Partners to exercise their Exchange Rights as and if deemed necessary to ensure that the Partnership does not constitute a "publicly traded partnership" under Section 7704 of the Code. If and when the General Partner determines that imposing such restrictions is necessary, the General Partner shall give prompt written notice thereof (a "Restriction Notice") to each of the Limited Partners, which notice shall be accompanied by a copy of an opinion of counsel to the Partnership which states that, in the opinion of such counsel, restrictions are necessary in order to avoid the Partnership being treated as a "publicly traded partnership" under Section 7704 of the Code.

8.06 Call Right. -----

(a) Subject to Section 8.06(c) below, and subject to the potential modification of any rights or obligations provided for herein by agreement(s) between the General Partner and any one or more Limited Partners with respect to the Partnership Units held by them, at any time after the expiration of the Holding Period for the Partnership Units in question, the General Partner shall have the right (the "Call Right") to purchase all of the Partnership Units held by a Limited Partner at a price equal to the Cash Amount; provided, however,

that the General Partner may, in its sole and absolute discretion, elect to purchase such Partnership Units by paying to the Partner in question the REIT Shares Amount in lieu of the Cash Amount. The Call Right shall be exercised pursuant to a

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Call Notice delivered by the General Partner to any such Limited Partner. The General Partner may not exercise the Call Right for less than the entire interest of a Limited Partner in the Partnership. A Limited Partner receiving the Call Notice described above shall have no rights with respect to any interest in the Partnership other than the right to receive payment for its interest in the Partnership in accordance with this Section 8.06. An assignee of a Limited Partner shall be bound by and subject to the Call Right of the General Partner pursuant to this Section 8.06. In connection with any exercise of such Call Right by the General Partner with respect to an assignee, the Cash Amount (or REIT Shares Amount) shall be paid by the General Partner directly to such assignee and not to the Limited Partner from which such assignee acquired its Partnership Units. The General Partner shall be unable to exercise the Call Right and the Call Right shall lapse upon the occurrence of a Liquidating Event unless and until the Partners shall continue the business of the Partnership under Section 7.03 hereof.

(b) (i) Within 30 days after the delivery of the Call Notice by the General Partner to a Limited Partner under this Section 8.06, the General Partner (subject to the limitations set forth in Section 8.06(c)) shall transfer and deliver the Cash Amount (or the REIT Shares Amount) to such Limited Partner or, as applicable, its assignee, whereupon the General Partner (or its designee) shall acquire the Partnership Units of such Limited Partner or, as applicable, its assignee, and shall be treated for all purposes of this Agreement as the owner of such Partnership Units (and as a Limited Partner with respect to such Partnership Units).

(ii) In the event that the General Partner elects to pay such

Limited Partner in the form of the REIT Shares Amount and such REIT Shares Amount is not a whole number of REIT Shares, the Limited Partner shall be paid (A) the number of REIT Shares which equals the nearest whole number less than such amount plus (B) an amount of cash which the General Partner determines, in its reasonable discretion, to represent the fair value of the remaining fractional REIT Share which would otherwise be payable to the Limited Partner.

(iii) Each Limited Partner agrees to deliver to the General Partner the Partnership Unit Certificate(s) representing its Limited Partnership Interest and to execute such documents as the General Partner may reasonably require in connection with the issuance of REIT Shares upon exercise of the Call Right (including without limitation an assignment of Partnership Units pursuant to the terms of which such Limited Partner (A) represents, warrants and certifies that it has marketable and unencumbered title to its Partnership Units, free and clear of the rights of or interest of any other person or entity, that it has the full right, power and authority to transfer and surrender its Partnership Units, and that it has obtained the consent or approval of all persons or entities, if any, having the right to consent to or approve of such transfer and surrender, and (B) agrees to indemnify and hold the General Partner harmless from and against any and all liabilities, charges, costs and expenses relating to such Limited Partner's Partnership Units which are subject to the Call Right or the exercise of the Call Right).

(c) Notwithstanding the provisions of Sections 8.06(a) and 8.06(b) above, the General Partner shall not be entitled to exercise the Call Right if (i) a Liquidating Event has occurred with regard to the Partnership and the Partnership has not been continued under Section 7.03 hereof; or (ii) the delivery of REIT Shares to the Limited Partner (A) would be prohibited under the Articles of Incorporation, (B) would adversely affect the ability of the General Partner to continue to qualify as a REIT or subject the General Partner to any additional taxes under Section 857 or Section 4981 of the Code, or (C) would be prohibited under applicable federal or state securities laws or regulations.

(d) Each Limited Partner covenants and agrees with the General Partner that all Partnership Units delivered in connection with the Call Right shall be delivered to the General Partner free and clear of all liens and encumbrances and, notwithstanding anything contained herein to the contrary, the General Partner shall not be under any obligation to acquire a Limited Partner's Partnership Units (i) to the extent that any such Partnership Units are subject to any such liens or encumbrances or (ii) in the event that the Limited Partner shall fail to give the General Partner adequate assurances that such Partnership Units are not subject to any such liens or encumbrances or shall fail to agree to fully indemnify the General Partner from any such liens or encumbrances as well as the liabilities, charges, costs and expenses referenced in the last section of Section 8.06(b) (iii). Each Limited Partner further agrees that, in the event any state or local transfer tax is payable as a result of the transfer of its Partnership Units to the General Partner, such Limited Partner shall assume and pay such transfer tax.

ARTICLE IX

TRANSFERS OF LIMITED PARTNERSHIP INTERESTS

9.01 Purchase for Investment.

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

(b) Each Limited Partner agrees that it will not sell, assign or otherwise transfer its Partnership Interest or any fraction thereof, whether

voluntarily or by operation of law or at judicial sale or otherwise, to any Person who does not make the representations and warranties to the General Partner set forth in Section 9.01(a) above.

9.02 Restrictions on Transfer of Limited Partnership Interests.

(a) Subject to the provisions of Sections 9.02(b), 9.02(c) and 9.02(d), no Limited Partner may offer, sell, assign, hypothecate, pledge or otherwise transfer all or any portion of its Limited Partnership Interest, or any of such Limited Partner's economic rights as a Limited Partner, whether voluntarily or by operation of law or at judicial sale or otherwise (collectively, a "Transfer"), without the consent of the General Partner, which consent may be granted or withheld in its sole and absolute discretion. Any such purported transfer undertaken without such consent shall be considered to be null and void ab initio and shall not be given effect. The Original Limited Partner acknowledges that the General Partner has agreed not to grant its consent with respect to any Transfer by the Original Limited Partner prior to the Transfer Restriction Date; provided, that the Original Limited Partner shall not be prohibited from a Transfer of its Partnership Interest pursuant to the exercise of its right to exchange its Partnership Interest for REIT Shares pursuant to Section 8.05 above, in which case the Original Limited Partner acknowledges that the General Partner has also agreed not to grant its consent with respect to any Transfer of said REIT Shares prior to the Transfer Restriction Date. The General Partner may require, as a condition of any Transfer to which it consents, that the transferor assume all costs incurred by the Partnership in connection therewith.

(b) No Limited Partner may withdraw from the Partnership other than as a result of: (i) a permitted Transfer (i.e., a Transfer consented to as

contemplated by paragraph (a) above or

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paragraph (c) below or a Transfer made pursuant to Section 9.05 below) of all of its Partnership Units pursuant to this Article IX pursuant to an exchange of all of its Partnership Units pursuant to Section 8.05 above; or (iii) a Transfer made pursuant to the sale of all its Partnership Units pursuant to Section 8.06 above. Upon the permitted Transfer or redemption of all of a Limited Partner's Partnership Units, such Limited Partner shall cease to be a Limited Partner.

(c) Subject to Sections 9.02(d), 9.02(e) and 9.02(f), a Limited Partner may Transfer, with the consent of the General Partner, all or a portion of its Partnership Units to (i) a parent or parent's spouse, natural or adopted descendants, a spouse of any such descendant, a brother or sister, or a trust created by such Limited Partner for the benefit of such Limited Partner and/or any such person(s), for which trust such Limited Partner or any such person(s) is a trustee, (ii) a corporation controlled by a Person or Persons named in (i) above, or (iii) if the Limited Partner is an entity, its beneficial owners.

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

(e) No Transfer by a Limited Partner of its Partnership Units, in whole or in part, may be made to any Person if (i) in the opinion of legal counsel for the Partnership, the transfer would result in the Partnership's being treated as an association taxable as a corporation (other than a qualified REIT subsidiary within the meaning of Section 856(i) of the Code), (ii) in the opinion of legal counsel for the Partnership, it would adversely affect the ability of the General Partner to continue to qualify as a REIT or subject the General Partner to any additional taxes under Section 857 or Section 4981 of the Code, or (iii) such transfer is effectuated through an "established securities market" or a

"secondary market (or the substantial equivalent thereof)" within the meaning of Section 7704 of the Code.

(f) No transfer of any Partnership Units may be made to a lender to the Partnership or any Person who is related (within the meaning of Regulations Section 1.752-4(b)) to any lender to the Partnership whose loan constitutes a nonrecourse liability (within the meaning of Regulations Section 1.752-1(a)(2)), without the consent of the General Partner, which may be withheld in its sole and absolute discretion; provided, that as a condition to such consent the

lender will be required to enter into an arrangement with the Partnership and the General Partner to exchange or redeem for the Cash Amount any Partnership Units in which a security interest is held simultaneously with the time at which such lender would be deemed to be a partner in the Partnership for purposes of allocating liabilities to such lender under Section 752 of the Code.

(g) Any Transfer in contravention of any of the provisions of this Article IX shall be void and ineffectual and shall not be binding upon, or recognized by, the Partnership.

(h) Prior to the consummation of any Transfer under this Article IX, the transferor and/or the transferee shall deliver to the General Partner such opinions, certificates and other documents as the General Partner shall request in connection with such Transfer.

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9.03 Admission of Substitute Limited Partner.

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

(i) the assignee shall have accepted and agreed to be bound by the terms and provisions of this Agreement by executing a counterpart or an amendment thereof, including a revised Exhibit A, and such other documents

or instruments as the General Partner may require in order to effect the admission of such Person as a Limited Partner;

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

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

(iv) if the assignee is a corporation, partnership or trust, the assignee shall have provided the General Partner with evidence satisfactory to counsel for the Partnership of the assignee's authority to become a Limited Partner under the terms and provisions of this Agreement;

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

(vi) the assignee shall have paid all legal fees and other expenses of the Partnership and the General Partner and filing and publication costs in connection with its substitution as a Limited Partner; and

(vii) the assignee shall have obtained the prior written consent of the General Partner to its admission as a Substitute Limited Partner, which consent may be given or denied in the exercise of the General Partner's

sole and absolute discretion.

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

(c) The General Partner shall cooperate with the Person seeking to become a Substitute Limited Partner by preparing the documentation required by this Section 9.03 and making all official filings and publications. The Partnership shall take all such action as promptly as practicable after the satisfaction of the conditions in this Article IX to the admission of such Person as a Limited Partner of the Partnership.

9.04 Rights of Assignees of Partnership Interests.

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

(b) Any Person who is the assignee of all or any portion of a Limited Partner's Limited Partnership Interest, but who does not become a Substitute Limited Partner and desires to make a further assignment of such Limited Partnership Interest, shall be subject to all the provisions of this Article IX to the same extent and in the same manner as any Limited Partner desiring to make an assignment of its Limited Partnership Interest.

9.05 Effect of Bankruptcy, Death, Incompetence or Termination of a

Limited Partner. The occurrence of an Event of Bankruptcy as to a Limited

Partner, the death of a Limited Partner or a final adjudication that a Limited Partner is incompetent (which term shall include, but not be limited to, insanity) shall not cause the termination or dissolution of the Partnership, and the business of the Partnership shall continue if an order for relief in a bankruptcy proceeding is entered against a Limited Partner, the trustee or receiver of his estate or, if he dies, his executor, administrator or trustee, or, if he is finally adjudicated incompetent, his committee, guardian or conservator, and any such Person shall have the rights of such Limited Partner for the purpose of settling or managing his estate property and such power as the bankrupt, deceased or incompetent Limited Partner possessed to assign all or any part of his Partnership Interest and to join with the assignee in satisfying conditions precedent to the admission of the assignee as a Substitute Limited Partner.

9.06 Joint Ownership of Interests. A Partnership Interest may be

acquired by two individuals as joint tenants with right of survivorship, provided, that such individuals either are married or are related and share the

same personal residence. The written consent or vote of both owners of any such jointly-held Partnership Interest shall be required to constitute the action of the owners of such Partnership Interest; provided, however, that the written

consent of only one joint owner will be required if the Partnership has been provided with evidence satisfactory to the counsel for the Partnership that the actions of a single joint owner can bind both owners under the applicable laws of the state of residence of such joint owners. Upon the death of one owner of a Partnership Interest held in a joint tenancy with a right of survivorship, the Partnership Interest shall become owned solely by the survivor as a Limited

Partner and not as an assignee. The Partnership need not recognize the death of one of the owners of a jointly held Partnership Interest until it shall have received notice of such death. Upon notice to the General Partner from either owner, the General Partner shall cause the Partnership Interest to be divided into two equal Partnership Interests, which shall thereafter be owned separately by each of the former joint owners.

ARTICLE X

BOOKS AND RECORDS; ACCOUNTING; TAX MATTERS

10.01 Books and Records. At all times during the continuance of the

Partnership, the Partners shall keep or cause to be kept at the Partnership's specified office true and complete books of account maintained in accordance with generally accepted accounting principles, including (a) a current list of the full name and last-known business address of each Partner; (b) a copy of the Certificate of Limited Partnership and all certificates of amendment thereto; (c) copies of the

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Partnership's federal, state and local income tax returns and reports; (d) copies of the Agreement and any financial statements of the Partnership for the three most recent years; and (e) all documents and information required under the Act. Any Partner or its duly authorized representative, upon paying the costs of collection, duplication and mailing, shall be entitled to inspect or copy such records during ordinary business hours.

10.02 Custody of Partnership Funds; Bank Accounts.

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

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

10.03 Fiscal and Taxable Year. The fiscal and taxable year of the

Partnership shall be the calendar year.

10.04 Annual Tax Information and Report. Within 75 days after the end of

each fiscal year of the Partnership, the General Partner shall furnish to each person who was a Limited Partner at any time during such year the tax information necessary to file such Limited Partner's individual tax returns as shall be reasonably required by law.

10.05 Tax Matters Partner; Tax Elections; Special Basis Adjustments.

(a) The General Partner shall be the Tax Matters Partner of the Partnership within the meaning of Section 6231(a)(7) of the Code. As Tax Matters Partner, the General Partner shall have the right and obligation to take all actions authorized and required, respectively, by the Code for the Tax Matters Partner. The General Partner shall have the right to retain professional

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

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

(c) In the event of a transfer of all or any part of the Partnership Interest of any Partner, the Partnership, at the option and in the sole and absolute discretion of the General Partner, may elect pursuant to Section 754 of the Code to adjust the basis of the Properties. Notwithstanding

anything contained in Article V of this Agreement, any adjustments made pursuant to Section 754 shall affect only the successor-in-interest to the transferring Partner and in no event shall be taken into account in establishing, maintaining or computing Capital Accounts for the other Partners for any purpose under this Agreement. Each Partner will furnish the Partnership with all information necessary to give effect to such election.

10.06 Reports to Limited Partners.

(a) As soon as practicable after the close of each fiscal quarter (other than the last quarter of the fiscal year), the General Partner shall cause to be mailed to each Limited Partner a quarterly report containing financial statements of the Partnership, or of the General Partner if such statements are prepared solely on a consolidated basis with the General Partner, for such fiscal quarter presented in accordance with generally accepted accounting principles. As soon as practicable after the close of each fiscal year, the General Partner shall cause to be mailed to each Limited Partner an annual report containing financial statements of the Partnership, or of the General Partner if such statements are prepared solely on a consolidated basis with the General Partner, for such fiscal year, presented in accordance with generally accepted accounting principles. The annual financial statements shall be audited by accountants selected by the General Partner.

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

ARTICLE XI

AMENDMENT OF AGREEMENT; MERGER

The General Partner's consent shall be required for any amendment to this Agreement. The General Partner, without the consent of the Limited Partners, may amend this Agreement in any respect or merge or consolidate the Partnership with or into any other partnership or business entity (as defined in Section 17-211 of the Act) in a transaction pursuant to Sections 7.01(c), 7.01(d) or 7.01(e) hereof; provided, however, that the following amendments and any other merger or

consolidation of the Partnership shall require the consent of Limited Partners holding more than 50% of the Percentage Interests of the Limited Partners:

(a) any amendment affecting the operation of the Conversion Factor or

the Exchange Right (except as provided in Sections 8.05(d) or 7.01(d) hereof) in a manner adverse to the Limited Partners;

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

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

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

ARTICLE XII

GENERAL PROVISIONS

12.01 Notices. All communications required or permitted under this

Agreement shall be in writing and shall be deemed to have been given when delivered personally or upon deposit in the United States mail, registered, postage prepaid return receipt requested, to the Partners at the addresses set forth in Exhibit A attached hereto; provided, however, that any Partner may

specify a different address by notifying the General Partner in writing of such different address. Notices to the Partnership shall be delivered at or mailed to its specified office.

12.02 Survival of Rights. Subject to the provisions hereof limiting

transfers, this Agreement shall be binding upon and inure to the benefit of the Partners and the Partnership and their respective legal representatives, successors, transferees and assigns.

12.03 Additional Documents. Each Partner agrees to perform all further

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

12.04 Severability. If any provision of this Agreement shall be declared

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

12.05 Entire Agreement. This Agreement and exhibits attached hereto

constitute the entire Agreement of the Partners and supersede all prior written agreements and prior and contemporaneous oral agreements, understandings and negotiations with respect to the subject matter hereof, except as otherwise set forth herein.

12.06 Pronouns and Plurals. When the context in which words are used in

the Agreement indicates that such is the intent, words in the singular number shall include the plural and the masculine gender shall include the neuter or female gender as the context may require.

12.07 Headings. The Article and Section headings in this Agreement are

for convenience only and shall not be used in construing the scope of this Agreement or any particular Article or Section hereof.

12.08 Counterparts. This Agreement may be executed in several

counterparts, each of which shall be deemed to be an original copy and all of which together shall constitute one and the same instrument binding on all parties hereto, notwithstanding that all parties shall not have signed the same counterpart.

12.09 Governing Law. This Agreement shall be governed by and construed in

accordance with the laws of the State of Delaware.

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IN WITNESS WHEREOF, the parties hereto have hereunder affixed their signatures to this Agreement of Limited Partnership of Wells Operating Partnership, L.P. as Amended and Restated as of the 1st day of January, 2000.

GENERAL PARTNER:

WELLS REAL ESTATE INVESTMENT
TRUST, INC.

By: /s/ Leo F. Wells, III

Leo F. Wells, III
President

ORIGINAL LIMITED PARTNER:

WELLS CAPITAL, INC.

By: /s/ Leo F. Wells, III

Leo F. Wells, III
President

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EXHIBITS

EXHIBIT A - Partners, Capital Contributions and Partnership Units

EXHIBIT B - Notice of Exercise of Exchange Right

EXHIBIT C - Call Notice

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EXHIBIT A

PARTNERS, CAPITAL CONTRIBUTIONS AND PARTNERSHIP UNITS

As of January 1, 2000

Partners	Cash Contribution	Agreed Value of Property Contribution	Partnership Units
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General Partner:

Wells Real Estate Investment Trust, Inc. 6200 The Corners Pkwy. Suite 250 Norcross, Georgia 30092	\$134,710,850	N/A	13,471,085 Units
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Original Limited
Partner:

Wells Capital, Inc. 6200 The Corners Pkwy. Suite 250 Norcross, Georgia 30092	\$ 200,000	N/A	20,000 Units
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EXHIBIT B

NOTICE OF EXERCISE OF EXCHANGE RIGHT

In accordance with Section 8.05 of the Agreement of Limited Partnership of Wells Operating Partnership, L.P., as amended (the "Agreement"), the undersigned hereby irrevocably (i) presents for exchange _____ Partnership Units in Wells Operating Partnership, L.P. in accordance with the terms of the Agreement and the Exchange Right referred to in Section 8.05 thereof, (ii) surrenders such Partnership Units and all right, title and interest therein, and (iii) directs that the Cash Amount or REIT Shares Amount (as defined in the Agreement) as determined by the General Partner deliverable upon exercise of the Exchange Right be delivered to the address specified below, and if REIT Shares (as defined in the Agreement) are to be delivered, such REIT Shares be registered or placed in the name(s) and at the address(es) specified below.

Dated: _____

(Name of Limited Partner)

(Signature of Limited Partner)

(Mailing Address)
(City) (State) (Zip Code)

Signature Guaranteed by:

If REIT Shares are to be issued, issue to:

Name: _____

(Mailing Address)
(City) (State) (Zip Code)

Insert social security or other tax identification number: _____

EXHIBIT C

CALL NOTICE

In accordance with Section 8.06 of the Agreement of Limited Partnership of Wells Operating Partnership, L.P., as amended (the "Agreement"), the undersigned hereby irrevocably exercises its Call Right (as defined in the Agreement) with regard to all of the Partnership Units owned by _____ in Wells Operating Partnership, L.P. The undersigned shall pay the [Cash Amount/REIT Shares Amount] to _____ at the notice address of provided in the Agreement upon receipt of (i) the duly executed Partnership Unit Certificate of _____ transferring all right, title and interest in Partnership Units to the undersigned, (ii) if REIT Shares are to be delivered, instructions as to the name, address and taxpayer identification number of the person to whom such REIT Shares will be registered or placed, and (iii) the representation, warranty and certification of that _____ (a) has marketable and unencumbered title to such Partnership Units, free and clear of the rights of or interests of any other person or entity; (b) has the full right, power and authority to transfer and surrender such Partnership Units as provided herein; and (c) has obtained the consent or approval of all persons or entities, if any, having the right to consent to or approve of such transfer and surrender.

WELLS REAL ESTATE INVESTMENT TRUST, INC.
a Maryland corporation

By: _____
Name: _____
Title: _____