

As filed with the Securities and Exchange Commission on July 28, 1999

Registration No. 33- _____

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM S-11
REGISTRATION STATEMENT
Under
The Securities Act of 1933

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

3885 Holcomb Bridge Road
Norcross, Georgia 30092
(770) 449-7800

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

Donald Kennicott, Esq.
Michael K. Rafter, Esq.
Holland & Knight LLP
One Atlantic Center, Suite 2000
1201 West Peachtree Street, N.W.
Atlanta, Georgia 30309-3400
(404) 817-8500

(Name, Address, Including Zip Code, and Telephone Number,
Including Area Code, of Registrant's Agent for Service)

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

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

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

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

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

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

CALCULATION OF REGISTRATION FEE

Title of Securities Being Registered	Amount Being Registered	Proposed Maximum Offering Price Per Share	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
Common Stock, \$.01 par value	22,115,000	\$ 10.00	\$221,150,000	
Common Stock, \$.01 par value(1)	885,000	\$ 12.00	\$ 10,620,000	\$64,432
Soliciting Dealer Warrants(2)	885,000	\$0.0008	\$ 708	

-
- (1) Represents shares which are issuable upon exercise of warrants issuable to Wells Investment Securities, Inc. (the Dealer Manager) or its assignees pursuant to that certain Warrant Purchase Agreement between the Registrant and the Dealer Manager.
 - (2) Represents warrants issuable to the Dealer Manager to purchase 885,000 shares pursuant to the Warrant Purchase Agreement.

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

WELLS REAL ESTATE INVESTMENT TRUST, INC.

Up to 23,000,000 shares

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

Wells Real Estate Investment Trust, Inc. (Wells REIT) is a real estate investment trust. We invest in commercial real estate properties such as office buildings. We currently own interests in 13 office buildings located in nine states.

We are offering and selling to the public up to 22,115,000 shares for \$10 per share. An additional 885,000 shares are being registered which are reserved for issuance at \$12 per share to participating broker-dealers upon their exercise of warrants.

You must purchase at least 100 shares for \$1,000. Your money will be placed initially in an escrow account with Bank of America, N.A.

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

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

The Offering:

- . The shares will be offered on a best efforts basis to investors at \$10 per share.
- . We will invest approximately 84% of the offering proceeds raised in real estate properties, and the balance will be used to pay fees and expenses.
- . We will pay selling commissions to broker-dealers of 7% and a dealer manager fee for reimbursement of marketing expenses of 2.5% out of the offering proceeds raised.
- . We will offer shares until the earlier of _____, _____, or the date we sell all 22,115,000 shares.

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

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

WELLS INVESTMENT SECURITIES, INC.

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Questions and Answers About This Offering

Q: What is a REIT?

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

- . pays dividends to investors of at least 95% of its taxable income;
- . avoids the "double taxation" treatment of income that generally results from investments in a corporation because a REIT is not generally subject to federal corporate income taxes on its net income, provided certain income tax requirements are satisfied;
- . combines the capital of many investors to acquire or provide financing

for real estate properties; and

- . offers the benefit of a diversified real estate portfolio under professional management.

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

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

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

A: Wells Capital, Inc. (Wells Capital) is our advisor and makes all of our investment decisions. In addition, our board of directors must approve all of our acquisitions.

Q: Who is Wells Capital?

A: Wells Capital is a Georgia corporation formed in 1984. Wells Capital has sponsored public real estate programs which have raised in excess of \$_____ from over 30,000 investors and own and operate a total of _____ commercial real estate properties.

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

A: Yes. Wells Capital generally seeks to acquire office buildings located in densely populated suburban markets leased to large corporations on a triple-net basis. Typically, our corporate tenants have net worths in excess of \$100,000,000. Current tenants of public real estate programs sponsored by Wells Capital include Fairchild Technologies, Cort Furniture Rental, IBM, Lucent Technologies and PriceWaterhouseCoopers.

Q. Do you currently own any real estate properties?

A. Yes. As of the date of this prospectus, our REIT has acquired and owns interests in 13 real estate properties. We own interests in the following real estate properties through joint ventures or co-tenancies with affiliates:

Tenant	Building Type	Location
Sprint Communications Company L.P.	Office Building	Leawood, Kansas
EYBL CarTex, Inc.	Manufacturing and Office Building	Fountain Inn, South Carolina
Associates Housing Finance, LLC	Office Building	Knoxville, Tennessee
Cort Furniture Rental	Office and Warehouse Building	Fountain Valley, California

Corporation		
Fairchild Technologies U.S.A., Inc.	Manufacturing and Office Building	Fremont, California
Iomega Corporation	Office Building	Ogden City, Utah
ODS Technologies, L.P.	Office Building	Broomfield, Colorado
Ohmeda, Inc.	Office Building	Louisville, Colorado
ABB Flakt, Inc.	Office Building	Knoxville, Tennessee
Lucent Technologies, Inc.	Office Building	Oklahoma City, Oklahoma

We own the following properties directly:

Tenant	Building Type	Location
Matsushita Avionics Systems Corporation	Office Building	Lake Forest, California
Pennsylvania Cellular Telephone Corp.	Office Building	Harrisburg, Pennsylvania
PriceWaterhouseCoopers	Office Building	Tampa, Florida

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

Q: What are the terms of your leases?

A: Our leases are "triple-net" leases, generally having terms of seven to ten years, many of which have renewal options for an additional five to ten years. "Triple-net" means that the tenant, not the Wells REIT, is responsible for repairs, maintenance, property taxes, utilities and insurance. We often enter into leases where we have responsibility for replacement of specific structural components of a property such as the roof of the building or the parking lot.

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

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

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

A: We calculate our quarterly dividends using daily record and declaration dates so you will receive a proportionate dividend regardless of the date you become a shareholder.

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

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

Quarter	Amount	Annualized Percentage Return
3rd Qtr. 1998	\$.15 per share	6.0%
4th Qtr. 1998	\$.16 per share	6.5%
1st Qtr. 1999	\$.17 per share	7.0%
2nd Qtr. 1999	\$.17 per share	7.0%
3rd Qtr. 1999	\$.17 per share	7.0%

Q: Will the dividends I receive be taxable?

A: Yes. Generally, dividends that you receive will be taxed as ordinary income to the extent they are from current or accumulated earnings and profits. We expect that some portion of your dividends will not be subject to tax in the year received due to the fact that depreciation expenses reduce taxable income but do not reduce cash available for distribution. Amounts not subject to tax immediately will reduce the tax basis of your investment. This, in effect, defers a portion of your tax until your investment is sold or the Wells REIT is liquidated, at which time you will be taxed at capital gains rates. However, because each investor's tax considerations are different, we suggest that you consult with your tax advisor. You should also review the section of the prospectus entitled "Federal Income Tax Considerations."

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Q: What kind of offering is this?

A: We are offering the public up to 22,115,000 shares of common stock on a best efforts basis.

Q: How does a best efforts offering work?

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

Q: How long will this offering last?

A: The offering will not last beyond _____, _____.

Q: Who can buy shares?

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

Q: Is there any minimum investment required?

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

Q: How do I subscribe for shares?

A: If you choose to purchase shares in this offering, you will need to fill out a Subscription Agreement, like the one contained in this prospectus as Exhibit A, for a specific number of shares and pay for the shares at the time you subscribe. The purchase price will be placed into an escrow account with Bank of America, N.A., which will hold your funds, along with those

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of other subscribers, until we withdraw funds for the acquisition of real estate properties or the payment of fees and expenses.

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

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

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

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

A: We intend to invest a minimum of 84% of the proceeds from this offering to acquire real estate properties, and approximately 16% of the proceeds will be used to pay fees and expenses of this offering and acquisition-related expenses. The payment of these fees and expenses will not reduce your invested capital. Your initial invested capital amount will remain \$10 per share. Until we invest the proceeds of this offering in real estate, we will invest in short-term, highly liquid investments. These short-term investments will not earn as high of a return as we expect to earn on our real estate investments, and we cannot guarantee how long it will take to fully invest the proceeds in real estate. We intend to invest or commit to investment substantially all of the money raised in this offering within one year of the termination of this offering, subject to market conditions.

We commenced our initial public offering of common stock in an offering very similar to this one on January 30, 1998. We received approximately \$_____ in gross offering proceeds from the initial public offering,

of which approximately \$_____ was or is expected to be invested in properties. Our initial public offering was completed on _____, _____.

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

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

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

A: Our management team has extensive previous experience investing in and managing commercial real estate. Our directors are listed below.

- . Leo F. Wells, III - President of the Wells REIT and founder of Wells Real Estate Funds in 1985 and has been involved in real estate sales, management and brokerage services for over 27 years;
 - . Brian M. Conlon - Former Executive Vice President, Secretary and Treasurer of the Wells REIT and holder of the Certified Commercial Investment Member and Certified Financial Planner designations;
 - . John L. Bell - Former owner and Chairman of Bell-Mann, Inc., the largest flooring contractor in the Southeast;
 - . Richard W. Carpenter - President and a director of Realmark Holdings Corp., a residential and commercial real estate developer;
 - . Bud Carter - Former broadcast news director and anchorman and current Senior Vice President for the Executive Committee, an organization established to aid corporate presidents and CEOs;
 - . William H. Keogler, Jr. - Founder and former executive officer and director of Keogler, Morgan & Company, Inc., a full service brokerage firm;
 - . Donald S. Moss - Former executive officer of Avon Products, Inc.;
 - . Walter W. Sessoms - Former executive officer of BellSouth Telecommunications, Inc.; and
 - . Neil H. Strickland - Founder of Strickland General Agency, Inc., a property and casualty general insurance agency concentrating on commercial customers.
-

Q: Why do you acquire properties in joint ventures?

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

Q: How does our REIT own its real estate properties?

A: We own all of our real estate properties through an "UPREIT" called Wells

Operating Partnership, L.P. (Wells OP). Wells OP was organized to own, operate and manage real properties on our behalf. We are the sole general partner of Wells OP.

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Q: What is an "UPREIT"?

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

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

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

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

Q: When will I get my detailed tax information?

A: Your Form 1099 tax information will be mailed to you by January 31 of each year.

Q: Are you prepared for the year 2000 problem?

A: Yes, we have concluded our assessment of year 2000 compliance issues on our information systems and business operations. We have made renovations and replacements to our equipment and software packages as warranted. We have also confirmed the year 2000 readiness of our third-party service providers. Although we do not anticipate any material risk relating to the year 2000 problem, we have developed contingency plans to address potential risks. See the "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Year 2000 Compliance" section of this prospectus for a detailed description of our year 2000 readiness.

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Q: Who can help answer my questions?

A: If you have more questions about the offering or if you would like

additional copies of this prospectus, you should contact your registered representative or contact:

Investor Services Department
Wells Capital, Inc.
3885 Holcomb Bridge Road
Norcross, Georgia 30092
(800) 448-1010 or (770) 449-7800
www.WellsREF.com

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Prospectus Summary

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

Wells Real Estate Investment Trust, Inc.

Wells Real Estate Investment Trust, Inc. is a REIT that owns net leased commercial real estate properties. We currently own interests in 13 commercial real estate properties in nine states. Our office is located at 3885 Holcomb Bridge Road, Norcross, Georgia 30092. Our telephone number outside the State of Georgia is 800-448-1010 (770-449-7800 in Georgia). We refer to Wells Real Estate Investment Trust, Inc. as the Wells REIT in this prospectus.

Our Advisor

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

Our Management

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

Our REIT Status

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

Summary Risk Factors

Following are the most significant risks relating to your investment:

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

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

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- . To ensure that we continue to qualify as a REIT, our articles of incorporation prohibit any shareholder from owning more than 9.8% of our outstanding shares.
- . We may not remain qualified as a REIT for federal income tax purposes, which would subject us to the payment of tax on our income at corporate rates and reduce the amount of funds available for payment of dividends to our shareholders.
- . The number of additional properties that we acquire from the proceeds of this offering will be reduced to the extent that we sell less than all of the 22,115,000 shares.
- . We will pay significant fees to Wells Capital and its affiliates.
- . Real estate investments are subject to cyclical trends which are out of our control.
- . You will not have an opportunity to evaluate all of the properties that will be in our portfolio prior to investing.
- . Loans we obtain will generally be secured by our properties, which will put us at risk of losing a property if we are unable to pay our debts.
- . Our investment in vacant land to be developed may create risks relating to the builder's ability to control construction costs, failure to perform or failure to build in conformity with plan specifications and timetables.
- . The vote of shareholders owning at least a majority of the shares will bind all of the shareholders as to matters such as the election of directors and amendment of our articles of incorporation.
- . If we do not obtain listing of the shares on a national exchange by January 30, 2008, our articles of incorporation provide that we must sell all of our properties and distribute the net proceeds to our shareholders.
- . Our advisor will face various conflicts of interest resulting from its activities with affiliated entities.

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

Description of Properties

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

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Estimated Use of Proceeds of Offering

We anticipate that we will invest approximately 84% of the proceeds of this offering in real estate properties. We will use the remainder of offering

proceeds to pay selling commissions, fees and expenses relating to the selection and acquisition of properties and the costs of the offering.

Investment Objectives

Our investment objectives are:

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

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

Conflicts of Interest

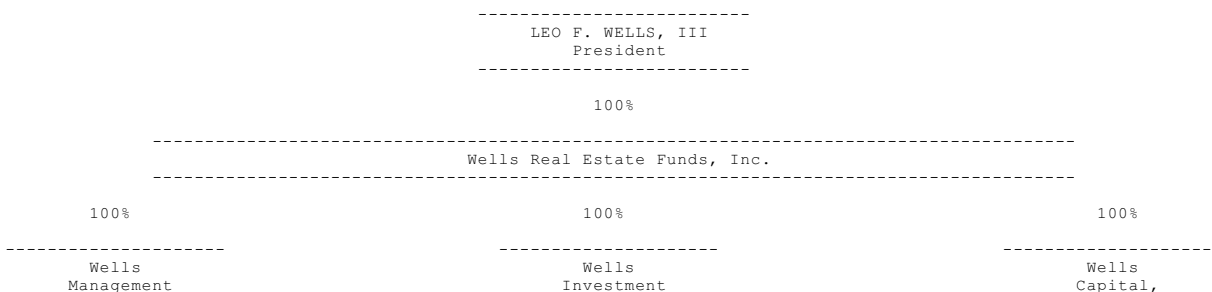
The advisor will experience conflicts of interest in connection with the management of our business affairs, including the following:

- . the advisor will have to allocate its time between the Wells REIT and other real estate programs and activities it is involved in;
- . the advisor must determine which Wells program or other entity should enter into a joint venture with the Wells REIT for the acquisition and operation of specific properties;
- . the advisor may compete with other Wells programs for the same tenants in negotiating leases or in selling similar properties at the same time; and
- . we will pay fees to the advisor and its affiliates in connection with transactions involving the purchase, management and sale of our properties regardless of the quality of the property acquired or the services provided to us.

See the "Conflicts of Interest" section of this prospectus on page 48 for a detailed discussion of the various conflicts of interest relating to your investment, as well as the procedures that we have established to resolve a number of these potential conflicts.

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

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Company, Inc.
(Property Manager)

100%

Wells
Development
Corporation

Securities, Inc.
(Dealer Manager)

Inc.
(Advisor)

Advisory Agreement

Wells REIT

Prior Offering Summary

The advisor and its affiliates have previously sponsored 13 publicly offered real estate limited partnerships and the Wells REIT on an unspecified property or "blind pool" basis. As of _____, 1999, they have raised approximately \$_____ from approximately _____ investors in these 14 real estate programs. The "Prior Performance Summary" on page 92 of this prospectus contains a discussion of the Wells programs sponsored to date. Certain statistical data relating to the Wells programs with investment objectives similar to ours is also provided in the "Prior Performance Tables" included at the end of this prospectus.

The Offering

We are offering up to 22,115,000 shares to the public at \$10 per share. We are also offering up to 885,000 shares to broker-dealers pursuant to warrants whereby participating broker-dealers will have the right to purchase one share for every 25 shares they sell in this offering. The exercise price for shares purchased pursuant to the warrants is \$12 per share.

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Terms of the Offering

We will begin selling shares in this offering upon the effective date of this prospectus and will continue until the date we sell all 22,115,000 shares to the public or _____, _____, whichever occurs first. We will hold your proceeds in escrow until we withdraw funds for the acquisition of real estate properties or the payment of fees and expenses. We generally admit shareholders to the Wells REIT on a daily basis.

Compensation to the Advisor and its Affiliates

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

Type of Compensation	Form of Compensation	\$\$ Amount for Maximum Offering (22,115,000 shares)

Offering Stage		
Sales Commission	7% of gross offering proceeds	\$15,480,500
Dealer Manager Fee	2.5% of gross offering proceeds	\$ 5,528,750
Offering Expenses	3% of gross offering proceeds	\$ 6,634,500

Acquisition and Development Stage		
Acquisition and Advisory Fees	3% of gross offering proceeds	\$ 6,634,500
Acquisition Expenses	.5% of gross offering proceeds	\$ 1,105,750

Operational Stage

Property Management Fees	2.5% of gross revenues	N/A
Leasing Fees	2% of gross revenues	N/A
Initial Lease-Up Fee for Newly Constructed Property	Competitive fee for geographic location of property based on a survey of brokers and agents (customarily equal to the first month's rent)	N/A
Real Estate Commission	3% of sale price after investors receive a return of capital plus a 6% return on capital	N/A
Subordinated Participation in Net Sale Proceeds (Payable only if the Wells REIT is not listed on an exchange)	10% of remaining amounts of net sale proceeds after return of capital plus payment to investors of an 8% cumulative non-compounded return on the capital contributed by investors	N/A

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Type of Compensation	Form of Compensation	\$\$ Amount for Maximum Offering (22,115,000 shares)
Subordinated Incentive Listing Fee (Payable only if the Wells REIT is listed on an exchange)	10% of the amount by which the adjusted market value of the Wells REIT exceeds the aggregate capital contributions contributed by investors	N/A

There are many additional conditions and restrictions on the amount of compensation Wells Capital may receive. There are also some smaller items of compensation and expense reimbursements that Wells Capital may receive. For a more detailed explanation of these fees and expenses payable to Wells Capital and its affiliates, please see the "Management Compensation" section of this prospectus on page 44.

Dividend Policy

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

Listing

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

Dividend Reinvestment Plan

You may participate in our dividend reinvestment plan pursuant to which you may have the dividends you receive reinvested in the Wells REIT. If you participate, you will be taxed on your share of our taxable income even though you will not receive any cash dividends. As a result, you may have a tax liability with no cash dividends to pay such liability. We may terminate the dividend reinvestment plan in our discretion at any time upon 10 days notice to you. (See "Description of Shares -- Dividend Reinvestment Plan.")

Share Redemption

We may use proceeds received from the sale of shares pursuant to our dividend reinvestment plan to redeem your shares. The redemption of your shares pursuant to our share redemption program is within the sole discretion of our board of directors. If our board decides to redeem your shares during the offering period, we will do so at \$8.40 per share. After the offering period, the price per share will be set by the board of directors. You will have no right to request redemption of your shares after the shares are listed on a national exchange.

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Wells Operating Partnership, L.P.

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

ERISA Considerations

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

Description of Shares

General -----

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

Shareholder Voting Rights and Limitations -----

We will hold an annual meeting of shareholders for the election of directors. Other business matters may be presented at the annual meeting or at a special meeting of shareholders. You are entitled to one vote for each share you own.

Limitation on Share Ownership -----

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

For a more complete description of the shares, including limitations on the ownership of shares, please see the "Description of Shares" section of this prospectus on page 123.

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Risk Factors

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

Investment Risks

Marketability Risk

There is no public trading market for your units.

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

Management Risks

You must rely on the advisor for selection of properties.

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

We depend on key personnel.

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

Conflicts of Interest Risks

The advisor will face conflicts of interest relating to time management.

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

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The advisor will face conflicts of interest relating to the purchase and leasing of properties.

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

The advisor will face conflicts of interest relating to joint ventures with affiliates.

We are likely to enter into one or more joint ventures with other Wells programs for the acquisition, development or improvement of properties, including Wells Fund XI or Wells Fund XII. We may also purchase and develop properties in joint ventures or in partnerships, co-tenancies or other co-ownership arrangements with the sellers of the properties, affiliates of the sellers, developers or other persons. Such investments may involve risks not otherwise present, including, for example:

- . the possibility that our co-venturer, co-tenant or partner in an investment might become bankrupt;
- . that such co-venturer, co-tenant or partner may at any time have economic or business interests or goals which are or which become inconsistent with our business interests or goals; or
- . that such co-venturer, co-tenant or partner may be in a position to take action contrary to our instructions or requests or contrary to our policies or objectives.

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

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

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

that a co-venturer has a right of first refusal to buy out the other co-venturer, it may be unable to finance such buy-out at that time. It may also be difficult for us to sell our interest in any such joint venture or partnership or as a co-tenant in property. In addition, to the extent that our co-venturer, partner or co-tenant is an affiliate of the advisor, certain conflicts of

interest will exist. (See "Conflicts of Interest -- Joint Ventures with Affiliates of the Advisor.")

General Investment Risks

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

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

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

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

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

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

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

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

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

The board of directors will have the sole discretion as to whether to buy back your shares pursuant to the share repurchase program. Therefore, we are under no obligation to repurchase any shares from you. Even if the board determines to buy back shares, such repurchases will be made on a first-come, first-served basis and will be limited to the lesser of (1) \$500,000 worth of outstanding shares, or (2) the funds available from proceeds received under the dividend reinvestment plan. Accordingly, in considering an investment in shares, you should not assume that you will be able to sell any of your shares back to us. In the event that we do buy back your shares, the purchase price will be \$8.40 per share until the termination of this offering. After the termination of this offering, the price per share will be determined by the board of directors, and you will likely receive less by selling your shares back

to us than you would receive if our real estate investments were sold for their estimated values and the proceeds were distributed to you. (See "Share Repurchase Program.")

We established the offering price on an arbitrary basis.

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

Payment of fees to the advisor and its affiliates will reduce cash available for investment and distribution.

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

The availability and timing of cash dividends is uncertain.

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

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

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

Your investment may suffer adverse consequences if we are not prepared for the year 2000 issue.

Many existing computer programs were designed to use only two numeric digits to identify a year without considering the impact of the year 2000. If not corrected, many computer applications

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could fail or create erroneous data. We are currently addressing the year 2000 issue with respect to our operations. Our failure or the failure of our tenants to properly or timely resolve the year 2000 issue could have a material adverse effect on our business and the return on your investment. (See "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Year 2000 Issues.")

Real Estate Risks

General Real Estate Risks

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

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

- . changes in general economic or local conditions;

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

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

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

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

We are dependent on tenants for our revenue.

Most of our properties are occupied by a single tenant and, therefore, the success of our investments are materially dependant on the financial stability of our tenants. Lease payment defaults by tenants could cause us to reduce the amount of distributions to shareholders. A default of a tenant on its lease payments to us would cause us to lose the revenue from the property and cause us to have to find an alternative source of revenue to meet the mortgage payment and prevent a foreclosure if the property is subject to a mortgage. In the event of a default, we may experience delays in enforcing our rights as landlord and may incur substantial costs in protecting our investment and reletting our property. If a lease is terminated, there is no assurance that we will be able to lease the property for the rent previously received or sell the property without incurring a loss.

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We may not have funding for future tenant improvements.

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

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

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

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

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

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

We may enter into one or more contracts, either directly or indirectly through joint ventures with affiliates, to acquire real property from Wells Development Corporation (Wells Development), an affiliate of the advisor. Properties acquired from Wells Development may be either existing income-producing properties or properties to be developed or under development. We anticipate that we will be obligated to pay a substantial earnest money deposit at the time of contracting to acquire such properties. In the case of properties to be developed by Wells Development, we anticipate we will be

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required to close the purchase of the property upon completion of the development of the property by Wells Development and the tenant taking possession of the property. At the time of contracting and the payment of the earnest money deposit by us, Wells Development typically will not have acquired title to any real property. Wells Development will only have a contract to acquire land, a development agreement to develop a building on the land and an agreement with a tenant to lease the property upon its completion. We may enter into such a contract with Wells Development even if at the time of contracting we have not yet raised sufficient proceeds in our offering to enable us to close the purchase of such property. However, we will not be required to close a purchase from Wells Development, and will be entitled to a refund of our earnest money, in the following circumstances:

- . Wells Development fails to develop the property;
- . the tenant fails to take possession under its lease for any reason; or
- . we are unable to raise sufficient proceeds from our offering to pay the purchase price at closing.

The obligation of Wells Development to refund our earnest money is unsecured, and it is unlikely that we would be able to obtain a refund of such earnest money deposit from it under these circumstances since Wells Development is an entity without substantial assets or operations. Although Wells Development's obligation to refund the earnest money deposit to us under these circumstances will be guaranteed by Wells Management Company, Inc., an affiliated entity (Wells Management), Wells Management has no substantial assets other than contracts for property management and leasing services pursuant to

which it receives substantial monthly fees. Therefore, we cannot assure you that Wells Management would be able to refund all of our earnest money deposit in a lump sum. If we were forced to collect our earnest money deposit by enforcing the guaranty of Wells Management, we will likely be required to accept installment payments over time payable out of the revenues of Wells Management's property management and leasing operations. We cannot assure you that we would be able to collect the entire amount of our earnest money deposit under such circumstances. (See "Investment Objectives and Criteria -- Acquisition of Properties from Wells Development Corporation.")

Competition for investments may increase costs and reduce returns.

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

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

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

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

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

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

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

property could materially adversely affect the business, assets or results of operations of Wells REIT and, consequently, amounts available for distribution to you.

Financing Risks

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

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

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

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

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

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

Federal Income Tax Risks

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

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

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

Legislative or regulatory action could adversely affect investors.

In recent years, numerous legislative, judicial and administrative changes have been made in the provisions of the federal income tax laws applicable to investments similar to an investment in shares. The Taxpayer Relief Act of 1997 and the Internal Revenue Service Restructuring and Reform Act enacted in 1998 contain numerous provisions affecting the real estate industry, generally, and the taxation of REITs, specifically. Changes are likely to continue to occur in the future, and we cannot assure you that any such changes will not adversely affect the taxation of a shareholder. Any such changes could have an adverse effect on an investment in shares or on the market value or the resale potential of our properties. You are urged to consult with your own tax advisor with respect to the impact of recent legislation on your investment in shares and the status of legislative, regulatory or administrative developments and proposals and their potential effect on an investment in shares.

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Retirement Plan Risks

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

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

- . your investment is consistent with your fiduciary obligations under ERISA and the Internal Revenue Code;
- . your investment is made in accordance with the documents and instruments governing your plan or IRA, including your plan's investment policy;
- . your investment satisfies the prudence and diversification requirements of Sections 404(a)(1)(B) and 404(a)(1)(C) of ERISA;
- . your investment will not impair the liquidity of the plan;
- . your investment will not produce "unrelated business taxable income" for the plan or IRA;
- . you will be able to value the assets of the plan annually in accordance with ERISA requirements; and
- . your investment will not constitute a prohibited transaction under Section 406 of ERISA or Section 4975 of the Internal Revenue Code.

For a more complete discussion of the foregoing issues and other risks associated with an investment in shares by retirement plans, please see the "ERISA Considerations" section of this prospectus on page 119.

Suitability Standards

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

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

- . a net worth of at least \$150,000; or
- . a gross annual income of at least \$45,000 and a net worth, excluding the value of a purchaser's home, furnishings and automobiles of at least \$45,000.

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

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

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

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

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

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

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

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

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

In the case of sales to fiduciary accounts, these suitability standards must be met by the fiduciary account, by the person who directly or indirectly supplied the funds for the purchase of the shares or by the beneficiary of the account. These suitability standards are intended to help ensure that,

given the long-term nature of an investment in the Wells REIT, our investment objectives and the relative illiquidity of the shares, the shares are an appropriate investment for certain investors. Each selected dealer must make every reasonable effort to determine that the purchase of shares is a suitable

and appropriate investment for each shareholder based on information provided by the shareholder in the Subscription Agreement. Each selected dealer is required to maintain for six years records of the information used to determine that an investment in the shares is suitable and appropriate for a shareholder.

Estimated Use of Proceeds

The following table sets forth information about how the proceeds raised in this offering will be used. Many of the figures set forth below represent the best estimate since they cannot be precisely calculated at this time. We expect that approximately 84% of the money you invest will be used to buy real estate, while the remaining 16% will be used for working capital and to pay expenses and fees including the payment of fees to Wells Investment Securities.

	Maximum Offering(1)	
	Amount	Percent
Gross Offering Proceeds	221,150,000	100%
Less Public Offering Expenses:		
Selling Commissions and Dealer Manager Fee(2)	21,009,250	9.5%
Organization and Offering Expenses(3)	6,634,500	3%
Amount Available for Investment(4)	\$193,506,250	87.5%
Acquisition and Development:		
Acquisition and Advisory Fees(5)	\$ 6,634,500	3%
Acquisition Expenses(6)	1,105,750	.5%
Initial Working Capital Reserve(7)	(7)	--
Amount Invested in Properties(4) (8)	\$185,766,000	84%

(Footnotes to "Estimated Use of Proceeds")

1. Includes 22,115,000 shares to be sold to the public. Excludes 885,000 shares to be issued upon exercise of the soliciting dealer warrants.
2. Includes selling commissions equal to 7% of aggregate gross offering proceeds which commissions may be reduced under certain circumstances and a dealer manager fee equal to 2.5% of aggregate gross offering proceeds, both of which are payable to the Dealer Manager, an affiliate of the advisor. The Dealer Manager, in its sole discretion, may reallocate selling commissions of up to 7% of gross offering proceeds to other broker-dealers participating in this offering attributable to the units sold by them and may reallocate out of its dealer manager fee up to 1.5% of gross offering proceeds in marketing fees to broker-dealers participating in this offering based on such factors as the volume of units sold by such participating broker-dealers, marketing support provided by such participating broker-dealers and bona fide conference fees incurred. The amount of selling commissions may often be reduced under certain circumstances for volume discounts. See the "Plan of Distribution" section of this prospectus for a description of such provisions. (See "Plan of Distribution.")
3. Organization and offering expenses consist of estimated legal, accounting, printing and other accountable offering expenses other than selling commissions and the dealer manager fee and reimbursements to the advisor and its affiliates for payments to nonaffiliated broker-dealers of certain bona fide due diligence expenses in an amount not to exceed .5% of gross offering proceeds. The advisor and its affiliates will be responsible for the payment

of organization and offering expenses other than selling commissions and the dealer manager fee to the extent they exceed 3% of gross offering proceeds without recourse against or reimbursement by the Wells REIT.

4. Until required in connection with the acquisition and development of properties, substantially all of the net proceeds of the offering and, thereafter, the working capital reserves of the Wells REIT, may be invested in short-term, highly-liquid investments including government obligations, bank certificates of deposit, short-term debt obligations and interest-bearing accounts.
5. Acquisition and advisory fees are defined generally as fees and commissions paid by any party to any person in connection with the purchase, development or construction of properties. We will pay Wells Capital, our advisor, acquisition and advisory fees up to a maximum amount of 3% of gross offering proceeds in connection with the acquisition of the real estate properties. Acquisition and advisory fees do not include acquisition expenses.
6. Acquisition expenses include legal fees and expenses, travel expenses, costs of appraisals, nonrefundable option payments on property not acquired, accounting fees and expenses, title insurance premiums and other closing costs and miscellaneous expenses relating to the selection, acquisition and development of real estate properties.
7. Because the vast majority of leases for the properties acquired by the Wells REIT will provide for tenant reimbursement of operating expenses, we do not anticipate that a permanent reserve for maintenance and repairs of real estate properties will be established. However, to the extent that we have insufficient funds for such purposes, we may apply an amount of up to 1% of gross offering proceeds for maintenance and repairs of real estate properties. We also may, but are not required to, establish reserves from gross offering proceeds, out of cash flow generated by operating properties or out of nonliquidating net sale proceeds, defined generally to mean the net cash proceeds received by the Wells REIT from any sale or exchange of properties.
8. Includes amounts anticipated to be invested in properties net of fees and expenses. We estimate that approximately 84% of the proceeds received from the sale of shares will be used to acquire properties.

Management

General

We operate under the direction of the board, the members of which are accountable to us and our shareholders as fiduciaries. The board is responsible for the management and control of our affairs. The board has retained Wells Capital to manage our day-to-day affairs and the acquisition and disposition of our investments, subject to the board's supervision.

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

Any vacancy on the board of directors arising for any cause other than an increase in the number of directors may be filled by a majority of the remaining directors or by a sole remaining director. Any vacancy created by an increase in the number of directors may be filled by a majority of the entire board.

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

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

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

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

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

The directors are not required to devote all of their time to our business and are only required to devote the time to our affairs as their duties require. The directors will meet quarterly or more frequently if necessary. We do not expect that the directors will be required to devote a substantial portion of their time to discharge their duties as our directors. Consequently, in the exercise of their

fiduciary responsibilities, the directors will be relying heavily on Wells Capital. The board is empowered to fix the compensation of all officers that it selects and may pay compensation to directors for services rendered to us in any other capacity.

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

The board is also responsible for reviewing our fees and expenses on at least an annual basis and with sufficient frequency to determine that the expenses incurred are in the best interest of the shareholders. In addition, a majority of the independent directors and a majority of directors not otherwise interested in the transaction must approve all transactions with Wells Capital or its affiliates. The independent directors will also be responsible for

reviewing the performance of Wells Capital and determining that the compensation to be paid to Wells Capital is reasonable in relation to the nature and quality of services to be performed and that the provisions of the advisory agreement are being carried out. Specifically, the independent directors will consider factors such as:

- . the amount of the fee paid to Wells Capital in relation to the size, composition and performance of our investments;
- . the success of Wells Capital in generating appropriate investment opportunities;
- . rates charged to other REITs and other investors by advisors performing similar services;
- . additional revenues realized by Wells Capital and its affiliates through their relationship with us, whether we pay them or they are paid by others with whom we do business;
- . the quality and extent of service and advice furnished by Wells Capital and the performance of our investment portfolio; and
- . the quality of our portfolio relative to the investments generated by Wells Capital for its other clients.

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

Executive Officers and Directors

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

Name ----	Position(s) -----	Age ---
Leo F. Wells, III	President and Director	55
Brian M. Conlon	Director	41
John L. Bell(1)	Director	59
Richard W. Carpenter(1)	Director	62
Bud Carter(1)	Director	61
William H. Keogler, Jr.(1)	Director	54
Donald S. Moss(1)	Director	63
Walter W. Sessoms(1)	Director	65
Neil H. Strickland(1)	Director	63

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

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

- . Wells Management Company, Inc., our property manager;
- . Wells Investment Securities, Inc., the dealer manager;
- . Wells Advisors, Inc., a company he organized in 1991 to act as a non-bank custodian for IRAs; and
- . Wells Development Corporation, a company he organized in 1997 to temporarily own, operate, manage and develop real properties.

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

Mr. Wells has over 25 years of experience in real estate sales, management and brokerage services. He is currently a co-general partner in a total of 25 real estate limited partnerships formed for the purpose of acquiring, developing and operating office buildings and other commercial properties. As of _____, 1999, these 25 real estate limited partnerships represented investments totaling over \$ _____ from approximately _____ investors.

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Brian M. Conlon is a director of the Wells REIT. Mr. Conlon formerly served as Executive Vice President, Secretary and Treasurer of the Wells REIT, and Vice President of Wells Capital, Wells Development Corporation, Wells Real Estate Funds, Inc. and Wells Investment Securities, Inc. Mr. Conlon joined Wells Capital in 1985 as a Regional Vice President, and served as Vice President and National Marketing Director from 1991 until April 1996 when he became Executive Vice President. Prior to joining Wells, Mr. Conlon was Director of Business Development for Tishman Midwest Management & Leasing Services Corp. where he was responsible for marketing the firm's property management and leasing services to institutions. Mr. Conlon also spent two years as an Investment Property Specialist with Carter & Associates where he specialized in acquisitions and dispositions of office and retail properties for institutional clients.

Mr. Conlon received a Bachelor of Business Administration degree from Georgia State University and a Master of Business Administration degree from the University of Dallas. Mr. Conlon is a member of the IAFP. He is a general securities principal and holds a Georgia real estate brokerage license. Mr. Conlon also holds the certified commercial investment member (CCIM) designation of the Commercial Investment Real Estate Institute and the certified financial planner (CFP) designation of the Certified Financial Planner Board of Standards, Inc.

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

Mr. Bell currently serves on the advisory boards of Windsor Capital, Mountain Top Boys Home and the Eagle Ranch Boys Home. Mr. Bell is also extensively involved in buying and selling real estate both individually and in partnership with others. Mr. Bell graduated from Florida State University majoring in accounting and marketing.

Richard W. Carpenter served as General Vice President of Real Estate Finance of The Citizens and Southern National Bank from 1975 to 1979, during which time his duties included the establishment and supervision of the United Kingdom

Pension Fund, U.K.-American Properties, Inc. which was established primarily for investment in commercial real estate within the United States.

Mr. Carpenter is currently President and director of Realmark Holdings Corp., a residential and commercial real estate developer, and has served in that position since October 1983. He is also President and director of Leisure Technology, Inc., a retirement community developer, a position which he has held since March 1993, Managing Partner of Carpenter Properties, L.P., a real estate limited partnership, and President and director of the oil storage companies Wyatt Energy, Inc. and Commonwealth Oil Refining Company, Inc., positions which he has held since 1995 and 1984, respectively.

Mr. Carpenter also serves as Vice Chairman of the Board of Directors of both First Liberty Financial Corp. and Liberty Savings Bank, F.S.B. and Chairman of the Audit Committee of First Liberty Financial Corp. He has been a member of The National Association of Real Estate Investment Trusts and served as President and Chairman of the Board of Southmark Properties, an Atlanta-based REIT investing in commercial properties. Mr. Carpenter is a past Chairman of the American Bankers

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Association Housing and Real Estate Finance Division Executive Committee. Mr. Carpenter holds a Bachelor of Science degree from Florida State University, where he was named the outstanding alumnus of the School of Business in 1973.

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

Mr. Carter currently serves as Senior Vice President for The Executive Committee, a 42-year old international organization established to aid presidents and CEOs share ideas on ways to improve the management and profitability of their respective companies. The Executive Committee operates in numerous large cities throughout the United States, Canada, Australia, France, Italy, Malaysia, Brazil, the United Kingdom and Japan. The Executive Committee has more than 6,000 presidents and CEOs who are members. In addition, Mr. Carter was the first Chairman of the organization recruited in Atlanta and still serves as Chairman of the first two groups formed in Atlanta, each comprised of 14 noncompeting CEOs and presidents. Mr. Carter is a graduate of the University of Missouri where he earned degrees in journalism and social psychology.

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

Chairman of the Board of Directors, President and Chief Executive Officer. In January 1997, both companies were sold to SunAmerica, Inc., a publicly traded New York Stock Exchange company. Mr. Keogler continued to serve as President and Chief Executive Officer of these companies until his retirement in January 1998.

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

Donald S. Moss was employed by Avon Products, Inc. from 1957 until his retirement in 1986. While at Avon, Mr. Moss served in a number of key positions, including Vice President and Controller from 1973 to 1976, Group Vice

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President of Operations-Worldwide from 1976 to 1979, Group Vice President of Sales-Worldwide from 1979 to 1980, Senior Vice President-International from 1980 to 1983 and Group Vice President-Human Resources and Administration from 1983 until his retirement in 1986. Mr. Moss was also a member of the board of directors of Avon Canada, Avon Japan, Avon Thailand, and Avon Malaysia from 1980-1983.

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

Walter W. Sessoms was employed by BellSouth Telecommunications, Inc. from 1971 until his retirement in June 1997. While at BellSouth, Mr. Sessoms served in a number of key positions, including Vice President-Residence for the State of Georgia from June 1979 to July 1981, Vice President-Transitional Planning Officer from July 1981 to February 1982, Vice President-Georgia from February 1982 to June 1989, Senior Vice President-Regulatory and External Affairs from June 1989 to November 1991, and Group President-Services from December 1991 until his retirement on June 30, 1997.

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

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

Mr. Strickland is a past President of the Norcross Kiwanis Club and served as both Vice President and President of the Georgia Surplus Lines Association. He also served as President and a director of the National Association of

Professional Surplus Lines Offices. Mr. Strickland currently serves as a director of First Capital Bank, a community bank located in the State of Georgia. Mr. Strickland attended Georgia State University where he majored in business administration. He received his L.L.B. degree from Atlanta Law School.

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Compensation of Directors

We pay our independent directors \$250 for each board meeting they attend. In addition, we have reserved 100,000 shares of common stock for future issuance upon the exercise of stock options granted to the independent directors pursuant to our Independent Director Stock Option Plan. All directors receive reimbursement of reasonable out-of-pocket expenses incurred in connection with attendance at meetings of the board of directors. If a director also is an officer of the Wells REIT, we do not pay separate compensation for services rendered as a director.

Independent Director Stock Option Plan

The Independent Director Stock Option Plan (Plan) provides for the initial grant of non-qualified stock options to purchase 2,500 shares (Initial Options) to each independent director following such individual's becoming an independent director and approval of the Plan, and for subsequent grants of options to purchase 1,000 shares (Subsequent Options) to each independent director then in office on the date of each annual stockholder's meeting beginning with the annual meeting to be held in the year 2000. The Initial Options and the Subsequent Options are collectively referred to as the "Options." However, Options may not be granted at any time when the grant, along with grants to other independent directors, would exceed 10% of our issued and outstanding shares. The option price for the Initial Options will be \$12.00 per share. The option price for the Subsequent Options shall be the greater of (1) \$12.00 per share or (2) the fair market value of the shares on the date they are granted. Fair market value is defined generally to mean:

- . the average closing price for the five consecutive trading days ending on such date if the shares are traded on a national exchange;
- . the average of the high bid and low asked prices if the shares are quoted on NASDAQ;
- . the average of the last 10 sales made pursuant to an IPO if there is a current IPO and no market maker for the shares;
- . the average of the last 10 purchases (or fewer if less than 10 purchases) under our share redemption program if there is no current IPO; or
- . the price per share under the dividend reinvestment plan if there are no purchases under the share redemption program.

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

A total of 100,000 shares have been authorized and reserved for issuance under the Plan. If the number of outstanding shares is changed into a different number or kind of shares or securities through a reorganization or merger in which the Company is the surviving entity, or through a combination, recapitalization or otherwise, an appropriate adjustment will be made in the number and kind of shares that may be issued pursuant to exercise of the Options. A corresponding adjustment to the exercise price of the Options granted prior to any change will also be made. Any such adjustment, however,

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will not change the total payment, if any, applicable to the portion of the Options not exercised, but will change only the exercise price for each share.

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

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

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

- . for the assumption by the successor corporation of the Options granted or the replacement of the Options with options covering the stock of the successor corporation, or a parent or subsidiary of such corporation, with appropriate adjustments as to the number and kind of shares and exercise prices;
- . for the continuance of the Plan and the Options by such successor corporation under the original terms; or
- . for the payment in cash or shares of common stock in lieu of and in complete satisfaction of such Options.

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

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

- . an act or omission of the director or officer was material to the cause of action adjudicated in the proceeding, and was committed in bad faith or was the result of active and deliberate dishonesty;
- . the director or officer actually received an improper personal benefit in money, property or services; or
- . with respect to any criminal proceeding, the director or officer had reasonable cause to believe his act or omission was unlawful.

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

This provision does not reduce the exposure of directors and officers to liability under federal or state securities laws, nor does it limit the

shareholder's ability to obtain injunctive relief or other equitable remedies for a violation of a director's or an officer's duties to us or our shareholders, although the equitable remedies may not be an effective remedy in some circumstances.

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

- . the directors, Wells Capital or its affiliates have determined, in good faith, that the course of conduct which caused the loss or liability was in our best interests;
- . the directors, Wells Capital or its affiliates were acting on our behalf or performing services for us;
- . in the case of affiliated directors, Wells Capital or its affiliates, the liability or loss was not the result of negligence or misconduct by the party seeking indemnification;
- . in the case of independent directors, the liability or loss was not the result of gross negligence or willful misconduct by the party seeking indemnification; and
- . the indemnification or agreement to hold harmless is recoverable only out of our net assets and not from the shareholders.

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

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

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

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

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- . such claims have been dismissed with prejudice on the merits by a court of competent jurisdiction; or
- . a court of competent jurisdiction approves a settlement of the claims against the indemnitee and finds that indemnification of the settlement and the related costs should be made, and the court considering the request for indemnification has been advised of the position of the Securities and Exchange Commission and of the published position of any state securities regulatory authority in which the securities were offered as to indemnification for violations of securities laws.

Indemnification will be allowed for settlements and related expenses of lawsuits alleging securities laws violations and for expenses incurred in

successfully defending any lawsuits, provided that a court either:

- . approves the settlement and finds that indemnification of the settlement and related costs should be made; or
- . dismisses with prejudice or there is a successful adjudication on the merits of each count involving alleged securities law violations as to the particular indemnitee and a court approves the indemnification.

The Advisor

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

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

Name	Age	Position
Leo F. Wells, III	55	President and sole director
Kim R. Comer	44	National Vice President of Marketing
Edna B. King	61	Vice President of Investor Services
Linda L. Carson	55	Vice President of Accounting

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

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

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Edna B. King is the Vice President of Investor Services for Wells Capital. She is responsible for processing new investments, sales reporting and investor communications. Prior to joining Wells Capital in 1985, Ms. King served as the Southeast Service Coordinator for Beckman Instruments and as office manager for a regional office of Commerce Clearing House. Ms. King holds an Associates Degree in Business Administration from DeKalb Community College in Atlanta, Georgia, and has completed courses at the University of North Carolina at Wilmington.

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

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

Wells Capital currently owns 20,000 limited partnership units in Wells OP, our operating partnership, for which it contributed \$200,000. Wells Capital may not sell these units while the advisory agreement is in effect, although it may transfer such units to its affiliates. (See "The Operating Partnership Agreement.")

The Advisory Agreement

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

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

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The term of the advisory agreement ends on January 30, 2000 and may be renewed for an unlimited number of successive one year periods. Additionally, the advisory agreement may be terminated:

- . immediately by us for "cause" or upon the bankruptcy of Wells Capital or a material breach of the advisory agreement by Wells Capital;
- . without cause by a majority of the independent directors of the Wells REIT or a majority of the directors of Wells Capital upon 60 days' written notice; or
- . immediately with "good reason" by Wells Capital.

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

- . any failure by us to obtain a satisfactory agreement from our successor to assume and agree to perform our obligations under the advisory agreement; or
- . any material breach of the advisory agreement of any nature whatsoever by us.

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

Wells Capital and its affiliates expect to engage in other business ventures and, as a result, their resources will not be dedicated exclusively to our

business. However, pursuant to the advisory agreement, Wells Capital must devote sufficient resources to the administration of the Wells REIT to discharge its obligations. Wells Capital may assign the advisory agreement to an affiliate upon approval of a majority of the independent directors. We may assign or transfer the advisory agreement to a successor entity.

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

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

- . organization and offering expenses in an amount up to 3% of gross offering proceeds, which include expenses attributable to preparing the SEC registration statement, formation and organization of the Wells REIT, qualification of the shares for sale in the states, escrow arrangements, filing fees and expenses attributable to selling the shares including, but not limited to, selling commissions, advertising expenses, expense reimbursements, and counsel and accounting fees;
- . the annual cost of goods and materials used by us and obtained from entities not affiliated with Wells Capital, including brokerage fees paid in connection with the purchase and sale of securities;

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- . administrative services including personnel costs, provided, however, that no reimbursement shall be made for costs of personnel to the extent that personnel are used in transactions for which Wells Capital receives a separate fee; and
- . acquisition expenses, which are defined to include expenses related to the selection and acquisition of properties, at the lesser of actual cost or 90% of competitive rates charged by unaffiliated persons providing similar services.

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

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

Shareholdings

Wells Capital currently owns 20,000 limited partnership units of Wells OP, which constitutes 100% of the limited partner units outstanding as of _____, 1999. Wells Capital may not sell any of these units during the period it serves as our advisor. Wells Capital also owns 100 shares of the Wells REIT, which it acquired upon the initial formation of the Wells REIT. Any resale of the shares that Wells Capital currently owns and the resale of any shares which may be acquired by our affiliates are subject to the provisions of Rule 144 promulgated under the Securities Act of 1933, which rule limits the number of shares that may be sold at any one time and the manner of such resale. Although Wells Capital and its affiliates are not prohibited from acquiring additional shares, Wells Capital has no options or warrants to acquire any additional shares and has no current plans to acquire additional shares. Wells Capital has agreed to abstain from voting any shares it now owns or hereafter acquires in any vote for the election of directors or any vote regarding the approval or termination of any contract with Wells Capital or any of its affiliates.

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Affiliated Companies

Property Manager

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

Name	Positions
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Michael C. Berndt	Vice President and Chief Financial Officer
M. Scott Meadows	Vice President of Property Management
Robert H. Stroud	Vice President of Leasing
Michael L. Watson	Vice President of Development

Wells Management is engaged in the business of real estate management. It was organized and commenced active operations in 1983 to lease and manage real estate projects which the advisor and its affiliates operate or in which they own an interest. As of _____, 1999, Wells Management was managing in excess of _____ square feet of office buildings and shopping centers. We will pay Wells Management property management fees equal to 2.5% of the gross revenues of each building managed for management of our commercial properties. In addition, we will pay Wells Management leasing fees equal to 2.0% of the gross revenues of each building for which Wells Management provides leasing and tenant coordinating services. A special one-time initial rent-up or leasing fee typically equal to the first month's rent may be paid on the first leases for newly constructed properties. This fee must be competitive for the geographic area of the property, and the amount of this fee received by Wells Management will be reduced by any amount paid to an outside broker. The advisor believes these terms will be no less favorable to the Wells REIT than those customary for similar services in the relevant geographic area. Depending upon the location of certain of our properties and other circumstances, we may retain unaffiliated property management companies to render property management services for some of our properties.

In the event that Wells Management assists a tenant with tenant improvements, a separate fee may be charged to the tenant and paid by the tenant. This fee will not exceed 5% of the cost of the tenant improvements.

Wells Management derives all of its income from its property management and leasing operations. For the fiscal year ended December 31, 1998, Wells

Management reported \$1,581,235 in gross operating revenues and \$352,963 in net income.

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

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- . the advisor;
- . the property manager;
- . partnerships organized by the advisor and its affiliates; and
- . other persons or entities owning properties managed by the property manager.

The property manager will also direct the purchase of equipment and supplies and will supervise all maintenance activity.

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

The principal office of Wells Management is located at 3885 Holcomb Bridge Road, Norcross, Georgia 30092.

Dealer Manager

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

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

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

IRA Custodian

Wells Advisors, Inc. was organized in 1991 for the purpose of acting as a non-bank custodian for IRAs investing in the securities of Wells real estate programs. Wells Advisors currently charges no fees for such services. Wells Advisors was approved by the Internal Revenue Service to act as a qualified non-bank custodian for IRAs on March 20, 1992. In circumstances where Wells Advisors acts as an IRA custodian, the authority of Wells Advisors is limited to holding limited partnership units or REIT shares on behalf of the beneficiary of the IRA and making distributions or reinvestments in such units or shares solely at the direction of the beneficiary of the IRA. Well Advisors is not authorized to vote any of such units or shares held in any IRA except in accordance with the written instructions of the beneficiary of the IRA. Mr. Wells is the President and sole director and owns 50% of the common stock and all of the preferred stock of Wells Advisors. As of _____, 1999, Wells Advisors was acting as the IRA custodian for approximately \$_____ in Wells real estate program investments.

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Management Decisions

The primary responsibility for the selection of our investments and the negotiation for these investments will reside in Michael C. Berndt, an officer of Wells Management and the principal real estate acquisition employee of Wells Capital, and Leo F. Wells, III, an officer and director of Wells Capital. Messrs. Berndt and Wells seek to invest in commercial properties, typically office buildings in which the major tenant is a company with a net worth of in excess of \$100,000,000. The board of directors must approve all acquisitions of real estate properties.

Management Compensation

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

Form of Compensation and Entity Receiving	Determination of Amount	Estimated Maximum Dollar Amount (1)
----- Organizational and Offering Stage -----		
Selling Commissions - The Dealer Manager	Up to 7% of gross offering proceeds before reallocation of commissions earned by participating broker-dealers. The Dealer Manager intends to reallocate 100% of commissions earned to participating broker-dealers.	\$15,480,500
Dealer Manager Fee - The Dealer Manager	Up to 2.5% of gross offering proceeds before reallocation to participating broker-dealers. The Dealer Manager, in its sole discretion, may reallocate a portion of its dealer manager fee of up to 1.5% of the gross offering proceeds to be paid to such participating broker-dealers as a marketing fee, based on such factors as the volume of units sold by such participating broker-dealers, marketing support and bona fide conference fees incurred.	\$ 5,528,750
Reimbursement of Organization and Offering Expenses - The Advisor or its Affiliates	Up to 3% of gross offering proceeds. All organization and offering expenses (excluding selling commissions and the dealer manager fee) will be advanced by the advisor or its affiliates and reimbursed by the Wells REIT.	\$ 6,634,500

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Acquisition and Development Stage

Acquisition and Advisory Fees - The Advisor or its Affiliates	For the review and evaluation of potential real property acquisitions, a fee of up to 3% of gross offering proceeds.	\$6,634,500
Reimbursement of Acquisition Expenses - The Advisor or its Affiliates	Up to .5% of gross offering proceeds for reimbursement of expenses related to real property acquisitions, such as legal fees, travel expenses, property appraisals, title insurance premium expenses and other closing costs.	\$1,105,750

Operational Stage

Property Management and Leasing Fees - Wells Management Company, Inc.	For the management of our properties, property management fees equal to 2.5% of gross revenues. For leasing and tenant coordinating services, leasing fees equal to 2% of gross revenues. In addition, a separate fee for the one-time initial rent-up or leasing-up of newly constructed properties in an amount not to exceed the fee customarily charged in arm's-length transactions by others rendering similar services in the same geographic area for similar properties as determined by a survey of brokers and agents in such area (customarily equal to the first month's rent).	Actual amounts are dependent upon results of operations and therefore cannot be determined at the present time.
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Real Estate Commissions - The Advisor or its Affiliates	In connection with the sale of properties, an amount not exceeding the lesser of: (A) 50% of the reasonable, customary and competitive real estate brokerage commissions customarily paid for the sale of a comparable property in light of the size, type and location of the property, or (B) 3% of the gross sales price of each property, subordinated to distributions to investors from sale proceeds of an amount which, together with prior distributions to the investors, will equal (1) 100% of their capital contributions plus (2) an 8% annual cumulative, noncompounded return on their net capital contributions.	Actual amounts are dependent upon results of operations and therefore cannot be determined at the present time.
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Subordinated Participation in Net Sale Proceeds - The Advisor(2)	After investors have received a return of their net capital contributions and an 8% per year cumulative, noncompounded return, then the advisor is entitled to receive 10% of remaining net sales proceeds.	Actual amounts are dependent upon results of operations and therefore cannot be determined at the present time.
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Subordinated Incentive Listing Fee - The Advisor(3) (4)	Upon listing, a fee equal to 10% of the amount by which (1) the market value of the outstanding stock of the Wells REIT plus distributions paid by the Wells REIT prior to listing, exceeds (2) the sum of the total amount of capital raised from investors and the amount cash flow necessary to generate an 8% per year cumulative, noncompounded return to investors. The Wells REIT may not reimburse any entity for operating expenses in excess of 2% of our average invested assets or 25% of our net income for the year.	Actual amounts are dependent upon results of operations and therefore cannot be determined at the present time.
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(Footnotes to "Management Compensation")

1. The estimated maximum dollar amounts are based on the sale of a maximum of 22,115,000 shares.
2. In the event that the Wells REIT becomes listed prior to the advisor's receipt of its subordinated participation in net sale proceeds, the advisor shall not be entitled to any such participation in net sale proceeds.
3. If at any time the shares become listed on a national securities exchange or included for quotation on Nasdaq, we will negotiate in good faith with Wells Capital a fee structure appropriate for an entity with a perpetual life. A majority of the independent directors must approve the new fee structure negotiated with Wells Capital. In negotiating a new fee structure, the independent directors shall consider all of the factors they deem relevant, including but not limited to:
 - . the size of the advisory fee in relation to the size, composition and profitability of our portfolio;
 - . the success of Wells Capital in generating opportunities that meet our investment objectives;
 - . the rates charged to other REITs and to investors other than REITs by advisors performing similar services;

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

- . the quality and extent of service and advice furnished by Wells Capital;
- . the performance of our investment portfolio, including income, conservation or appreciation of capital, frequency of problem investments and competence in dealing with distress situations; and
- . the quality of our portfolio in relationship to the investments generated by Wells Capital for the account of other clients.

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

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

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

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

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

Conflicts of Interest

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

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

Interests in Real Estate Programs

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

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

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

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

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

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

Other Activities of the Advisor and its Affiliates

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

We will not purchase or lease any property in which the advisor or any of its affiliates have an interest. However, the advisor or any of its affiliates may temporarily enter into contracts relating to investment in properties to be assigned to the Wells REIT prior to closing or may purchase property in their own name and temporarily hold title for the Wells REIT provided that such property is purchased by the Wells REIT at a price no greater than the cost of

such property, including acquisition and carrying costs, to the advisor or the affiliate. Further, the advisor or such affiliate may not have held title to any such property on our behalf for more than 12 months prior to the commencement of this offering; the advisor or its affiliates shall not sell property to the Wells REIT if the cost of the property exceeds the funds reasonably anticipated to be available for the Wells REIT to purchase any such property; and all profits and losses during the period any such property is held by the Wells REIT or its affiliates will accrue to the Wells REIT. In no event may the Wells REIT:

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

Competition

Conflicts of interest will exist to the extent that we may acquire properties in the same geographic areas where properties owned by other Wells programs are located. In such a case, a conflict could arise in the leasing of properties in the event that the Wells REIT and another Wells program were to compete for the same tenants in negotiating leases, or a conflict could arise in connection with the resale of properties in the event that the Wells REIT and another Wells program were to attempt to sell similar properties at the same time. Conflicts of interest may also exist at such time as the Wells REIT or our affiliates managing property on our behalf seek to employ developers, contractors or building managers as well as under other circumstances. The advisor will seek to reduce conflicts relating to the employment of developers, contractors or building managers by making prospective employees aware of all such properties seeking to employ such persons. In addition, the advisor will seek to reduce conflicts which may arise with respect to properties available for sale or rent by making prospective purchasers or tenants aware of all such properties. However, these conflicts

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cannot be fully avoided in that the advisor may establish differing compensation arrangements for employees at different properties or differing terms for resales or leasing of the various properties.

Affiliated Dealer Manager

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

Affiliated Property Manager

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

Lack of Separate Representation

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

Joint Ventures with Affiliates of the Advisor

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

Receipt of Fees and Other Compensation by the Advisor and its Affiliates

A transaction involving the purchase and sale of properties may result in the receipt of commissions, fees and other compensation by the advisor and its affiliates, including acquisition and advisory fees, the dealer manager fee, property management and leasing fees, real estate brokerage commissions, and participation in distributions of cash from our operations, nonliquidating net sale proceeds and liquidating distributions. However, the fees and compensation payable to the advisor and its affiliates relating to sale of properties are subordinated to the return to the shareholders of their capital contributions plus cumulative returns on such capital. Subject to oversight by the board of

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

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

Certain Conflict Resolution Procedures

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

- . We will not accept goods or services from Wells Capital or its affiliates unless a majority of the directors, including a majority of the independent directors, not otherwise interested in the transactions approve such transactions as fair and reasonable to the Wells REIT and on terms and conditions not less favorable to the Wells REIT than those available from unaffiliated third parties.
- . We will not purchase or lease properties in which Wells Capital or its affiliates has an interest without a determination by a majority of the

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

- . We will not make any loans to Wells Capital or its affiliates or to our directors. In addition, Wells Capital and its affiliates will not make loans to us or to joint ventures in which we are a joint venture partner for the purpose of acquiring properties. Any loans made to us by Wells Capital or its affiliates or to our directors for other purposes must be approved by a majority of the directors, including a majority of the independent directors, not otherwise interested in the transaction as fair, competitive and commercially reasonable, and no less favorable to the Wells REIT than comparable loans between unaffiliated parties. Wells Capital and its affiliates shall be entitled to reimbursement, at cost, for actual expenses incurred by them on behalf of the Wells

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REIT or joint ventures in which we are a joint venture partner, subject to the limitation on reimbursement of operating expenses of 2% of average invested assets or 25% of net income described in the "Management -- The Advisory Agreement" section of this prospectus.

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

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

of properties shall be reasonable.

Investment Objectives and Criteria

General

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

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

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

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

Acquisition and Investment Policies

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

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

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

We will not invest more than 10% of the net offering proceeds available for

investment in properties in unimproved or non-income producing properties. A property which is expected to produce income within two years of its acquisition will not be considered a non-income producing property.

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Investment in real estate generally will take the form of fee title or of a leasehold estate having a term, including renewal periods, of at least 40 years. We will acquire such interests either directly in Wells OP (see "The Operating Partnership Agreement") or indirectly through investments in joint ventures, general partnerships, co-tenancies or other co-ownership arrangements with the developers of the properties, affiliates of the advisor or other persons. (See "Joint Venture Investments" below.) In addition, we may purchase properties and lease them back to the sellers of such properties. While we will use our best efforts to structure any such sale-leaseback transaction such that the lease will be characterized as a "true lease" so that we will be treated as the owner of the property for federal income tax purposes, we cannot assure you that the IRS will not challenge such characterization. In the event that any such sale-leaseback transaction is recharacterized as a financing transaction for federal income tax purposes, deductions for depreciation and cost recovery relating to such property would be disallowed. (See "Federal Income Tax Considerations -- Sale-Leaseback Transactions.")

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

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

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

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

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

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

property.

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

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

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

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

Development and Construction of Properties

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

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

Acquisition of Properties from Wells Development Corporation

We may acquire properties, directly or through joint ventures with affiliated entities, from Wells Development Corporation (Wells Development), a corporation formed by Wells Management Company, Inc. (Wells Management) as a wholly owned subsidiary for the purposes of (1) acquiring existing income-producing commercial real estate properties, and (2) acquiring land, developing commercial real properties, securing tenants for such properties, and selling such properties upon completion to the Wells REIT or other Wells programs. In

the case of properties to be developed by Wells Development and sold to the Wells REIT, we anticipate that Wells Development will:

- . acquire a parcel of land;
- . enter into contracts for the construction and development of a commercial building thereon;
- . enter into an agreement with one or more tenants to lease all or a majority of the property upon its completion; and
- . secure a financing commitment from a commercial bank or other institutional lender to finance the acquisition and development of the property.

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

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

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

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

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

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

contracts from Wells Development and would complete the construction either directly or through a joint venture with an affiliate. Any contract between the Wells REIT, directly or indirectly through a joint venture with an affiliate, and Wells Development for the purchase of property to be developed by Wells Development will provide that we will be obligated to purchase the property only if:

- . Wells Development completes the development of the improvements in accordance with the specifications of the contract, and an approved tenant takes possession of the building under a lease satisfactory to the advisor; and
- . we have sufficient proceeds available for investment in properties at closing to pay the balance of the purchase price remaining after payment of the earnest money deposit.

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

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

Terms of Leases and Tenant Creditworthiness

The terms and conditions of any lease we enter into with our tenants may vary substantially from those we describe in this prospectus. However, we expect that a majority of our leases will be

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what is generally referred to as "triple net" leases. A "triple net" lease provides that the tenant will be required to pay or reimburse the Wells REIT for all real estate taxes, sales and use taxes, special assessments, utilities, insurance and building repairs, and other building operation and management costs, in addition to making its lease payments.

Wells Capital has developed specific standards for determining the creditworthiness of potential tenants of our properties. While authorized to enter into leases with any type of tenant, we anticipate that a majority of our tenants will be U.S. corporations or other entities which have a net worth in excess of \$100,000,000 or whose lease obligations are guaranteed by another corporation or entity with a net worth in excess of \$100,000,000.

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

We anticipate that tenant improvements required to be funded by the landlord in connection with newly acquired properties will be funded from our offering proceeds. However, at such time as a tenant at one of our properties does not renew its lease or otherwise vacates its space in one of our buildings, it is likely that, in order to attract new tenants, we will be required to expend substantial funds for tenant improvements and tenant refurbishments to

the vacated space. Since we do not anticipate maintaining permanent working capital reserves, we may not have access to funds required in the future for tenant improvements and tenant refurbishments in order to attract new tenants to lease vacated space. (See "Risk Factors -- Real Estate Risks.")

Joint Venture Investments

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

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

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

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

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

Borrowing Policies

While we strive for diversification, the number of different properties we can acquire will be affected by the amount of funds available to us.

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

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

By operating on a leveraged basis, we will have more funds available for investment in properties. This will allow us to make more investments than would otherwise be possible, resulting in a more diversified portfolio. Although our liability for the repayment of indebtedness is expected to be limited to the value of the property securing the liability and the rents or profits derived therefrom, our use of leveraging increases the risk of default on the mortgage payments and a resulting foreclosure of a particular property. (See "Risk Factors -- Real Estate Risks.") To the extent that we do not obtain mortgage loans on our properties, our ability to acquire additional properties will be restricted. Wells Capital will use its best efforts to obtain financing on the most favorable terms available to us. Lenders may have recourse to assets not securing the repayment of the indebtedness.

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

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

Disposition Policies

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

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

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

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

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shares are not listed or included for quotation, we are under no obligation to actually sell our portfolio within this period since the precise timing will depend on real estate and financial markets, economic conditions of the areas in which the properties are located and federal income tax effects on shareholders which may prevail in the future. Furthermore, we cannot assure you that we will be able to liquidate our assets, and it should be noted that we will continue in existence until all properties are sold and our other assets are liquidated.

Investment Limitations

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

- . invest in commodities or commodity futures contracts, except for futures contracts when used solely for the purpose of hedging in connection with our ordinary business of investing in real estate assets and mortgages;
- . invest in contracts for the sale of real estate unless the contract is in recordable form and is appropriately recorded in the chain of title;
- . make or invest in mortgage loans except in connection with a sale or other disposition of a property;
- . make or invest in mortgage loans unless an appraisal is obtained concerning the underlying property except for those mortgage loans insured or guaranteed by a government or government agency. Mortgage debt on any property shall not exceed such property's appraised value. In cases where the board of directors determines, and in all cases in which the transaction is with any of our directors or Wells Capital and its affiliates, such appraisal shall be obtained from an independent appraiser. We will maintain such appraisal in our records for at least five years and it will be available for your inspection and duplication. We will also obtain a mortgagee's or owner's title insurance policy as to the priority of the mortgage;
- . make or invest in mortgage loans that are subordinate to any mortgage or equity interest of any of our directors, Wells Capital or its

affiliates;

- . make or invest in mortgage loans, including construction loans, on any one property if the aggregate amount of all mortgage loans on such property would exceed an amount equal to 85% of the appraised value of such property as determined by appraisal unless substantial justification exists because of the presence of other underwriting criteria;
- . invest in junior debt secured by a mortgage on real property which is subordinate to the lien or other senior debt except where the amount of such junior debt plus any senior debt exceeds 90% of the appraised value of such property, if after giving effect thereto, the value of all such mortgage loans of the Wells REIT would not then exceed 25% of our net assets, which shall mean our total assets less our total liabilities;

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- . borrow in excess of 50% of the aggregate value of all properties owned by us, provided that we may borrow in excess of 50% of the value of an individual property;
- . engage in any short sale or borrow on an unsecured basis, if the borrowing will result in asset coverage of less than 300%. "Asset coverage," for the purpose of this clause, means the ratio which the value of our total assets, less all liabilities and indebtedness for unsecured borrowings, bears to the aggregate amount of all of our unsecured borrowings;
- . make investments in unimproved property or indebtedness secured by a deed of trust or mortgage loans on unimproved property in excess of 10% of our total assets;
- . issue equity securities on a deferred payment basis or other similar arrangement;
- . issue debt securities in the absence of adequate cash flow to cover debt service;
- . issue equity securities which are non-voting or assessable;
- . issue "redeemable securities" as defined in Section 2(a)(32) of the Investment Company Act of 1940;
- . grant warrants or options to purchase shares to officers or affiliated directors or to Wells Capital or its affiliates except on the same terms as the options or warrants are sold to the general public and the amount of the options or warrants does not exceed an amount equal to 10% of the outstanding shares on the date of grant of the warrants and options;
- . engage in trading, as compared with investment activities, or engage in the business of underwriting or the agency distribution of securities issued by other persons;
- . invest more than 5% of the value of our assets in the securities of any one issuer if the investment would cause us to fail to qualify as a REIT;
- . invest in securities representing more than 10% of the outstanding voting securities of any one issuer if the investment would cause us to fail to qualify as a REIT;
- . acquire securities in any company holding investments or engaging in activities prohibited in the foregoing clauses; and

. lend money to Wells Capital or its affiliates;

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

Change in Investment Objectives and Limitations

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

Description of Properties

As of _____, 1999, our REIT had purchased interests in _____ properties located in _____ states, all of which are leased to tenants on a triple-net basis. The cost of each of the properties will be depreciated for tax purposes over a 40 year period on a straight-line basis. We believe all of the properties are adequately covered by insurance and are suitable for their intended purposes. The following table provides certain additional information about these properties.

Tenant	Property Location	% Owned	Purchase Price	Square Feet	Annual Rent	Lease Expiration
Sprint Communications Company L.P.	Leawood, KS	62.3%	\$ 9,500,000	68,900	\$ 999,050	05/07
EYBL CarTex, Inc.	Fountain Inn, SC	62.3%	\$ 5,121,828	169,510	\$ 508,530	2/08
Matsushita Avionics Systems Corporation	Lake Forest, CA	100%	\$18,400,000	150,000	\$1,830,000	---
Pennsylvania Cellular Telephone Corp.	Harrisburg, PA	100%	\$12,291,200	81,859	\$ 880,264	11/08
PriceWaterhouse-Coopers, LLP	Tampa, FL	100%	\$21,127,854	130,091	\$1,915,741	12/08
Associates Housing Finance, LLC	Knoxville, TN	55.0%	\$ 7,428,090	71,400	\$ 600,000	08/06
Cort Furniture Rental Corporation	Fountain Valley, CA	44.0%	\$ 6,400,000	52,000	\$ 758,964	10/03
Fairchild Technologies U.S.A., Inc.	Fremont, CA	77.5%	\$ 8,900,000	58,424	\$ 842,062	11/04

Tenant	Property	%	Purchase	Square	Annual	Lease
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	Location	Owned	Price	Feet	Rent	Expiration
Iomega Corporation	Ogden City, UT	3.9%	\$ 5,025,000	108,000	\$ 480,000	07/06
ODS Technologies, L.P. and Transecon, Inc.	Broomfield, CO	3.9%	\$ 8,275,000	51,974	\$ 839,400	10/01
Ohmeda, Inc.	Louisville, CO	3.9%	\$10,325,000	106,750	\$1,004,520	01/05
ABB Flakt, Inc.	Knoxville, TN	3.9%	\$ 7,900,000	87,000	\$ 881,150	12/07
Lucent Technologies, Inc.	Oklahoma City, OK	3.9%	\$ 5,504,276	55,017	\$ 508,383	01/08

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

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

The Fund IX-X-XI-REIT Joint Venture Agreement provides that all income, profit, loss, cash flow, resale gain, resale loss and sale proceeds of the Fund IX-X-XI-REIT Joint Venture will be allocated and distributed among Wells OP, Wells Fund IX, Wells Fund X and Wells Fund XI based on their respective capital contributions to the Fund IX-X-XI-REIT Joint Venture. As of _____, 1999, the joint venture partners of the Fund IX-X-XI-REIT Joint Venture had made the following contributions and held the following equity percentage interests:

Joint Venture Partner	Capital Contribution	Equity Interest
Wells OP	\$ 1,421,466	3.9%
Wells Fund IX	\$14,571,686	39.5%
Wells Fund X	\$18,410,965	49.9%
Wells Fund XI	\$ 2,482,810	6.7%

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

The Fund IX-X-XI-REIT Joint Venture owns the Lucent Building, the ABB Building, the Ohmeda Building, the Interlocken Building and the Iomega Building, each of which are summarized below:

The Lucent Building

On June 24, 1998, the Fund IX-X-XI-REIT Joint Venture acquired a one story office building containing approximately 57,186 rentable square feet which was developed and constructed on certain real property located in Oklahoma City, Oklahoma by Wells Development pursuant to that certain Agreement for the

Purchase and Sale of Real Property dated May 30, 1997 between Wells Development and the Fund IX-X-XI-REIT Joint Venture.

The purchase price of the Lucent Building was \$5,504,276, which was equal to the aggregate cost to Wells Development of the acquisition, construction and development of the Lucent Building, including interest and other carrying costs, and accordingly, Wells Development made no profit from the sale of the Lucent Building to the Fund IX-X-XI-REIT Joint Venture. Construction of the Lucent Building was completed in January 1998.

The Lucent Building is located at 14400 Hertz Quail Springs Parkway, Oklahoma City, Oklahoma. The site consists of approximately 5.3 acres located in the Quail Springs Office Park in the northwest sector of Oklahoma City.

The Lucent Building is currently being leased to Lucent Technologies Inc. (Lucent Technologies). Lucent Technologies is a telecommunications company which was spun off by AT&T in April 1996. Lucent Technologies is in the business of designing, developing and marketing communications systems and technologies ranging from microchips to whole networks and is one of the world's leading designers, developers and manufacturers of telecommunications system software and products. Lucent Technologies is a public company traded on the New York Stock Exchange. For the fiscal year ended September 30, 1998, Lucent Technologies had total assets of in excess of \$26 billion dollars and a net worth of in excess of \$5 billion dollars.

The initial term of the Lucent lease is ten years which commenced on January 5, 1998 and expires in January 2008. Lucent Technologies has the option to extend the initial term of the Lucent lease for two additional five year periods.

The annual base rent payable under the Lucent lease will be \$508,383 payable in equal monthly installments of \$42,365 during the first five years of the initial lease term, and \$594,152 payable in equal monthly installments of \$49,513 during the second five years of the initial lease term. The annual base rent for each extended term under the lease will be based upon the fair market rent then being charged by landlords under new leases of office space in the metropolitan Oklahoma City market for similar space in a building of comparable quality with comparable amenities. The Lucent lease provides that if the parties cannot agree upon the appropriate fair market value rate, the rate will be established by real estate appraisers.

Under the Lucent lease, Lucent Technologies also has a one-time option to terminate the Lucent lease on the seventh anniversary of the rental commencement date, which is exercisable by written notice to the landlord at least 12 months in advance of such seventh anniversary. If Lucent Technologies elects to exercise its option to terminate the Lucent lease, Lucent Technologies would be

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required to pay a termination payment intended to compensate the landlord for the present value of funds expended as a construction allowance and leasing commissions relating to the Lucent lease, amortized over and attributable to the remaining lease term, and a rental payment equal to approximately 18 months of monthly rental payments. We currently anticipate that the termination payment required to be paid by Lucent Technologies, in the event it exercises its option to terminate the Lucent lease on the seventh anniversary, would be approximately \$1,339,000 upon certain assumptions.

The ABB Building

The ABB Building is a three story steel-framed office building with approximately 87,000 gross square feet and 83,885 rentable square feet located in Knoxville, Tennessee. The ABB Building was originally purchased by Wells Fund IX on December 13, 1996, and was later contributed by Wells Fund IX to the Fund IX-X-XI-REIT Joint Venture on March 26, 1997. Construction of the ABB Building was completed in December 1997.

The site is approximately 5.6 acres located in an office park known as Center Point Business Park on Pellissippi Parkway just north of the intersection of Interstates 40 and 75, in Knox County, Tennessee approximately 10 miles west of the Knoxville central business district.

ABB Flakt, Inc. (ABB) is currently leasing 55,000 rentable square feet of the ABB Building, comprising approximately 66% of the rentable square feet of the ABB Building.

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

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

The initial term of the lease is nine years and 11 months which commenced on January 1, 1998 and expires in December 2007.

The annual base rent payable under the ABB lease is \$646,250 payable in equal monthly installments of \$53,854 during the first five years of the initial lease term, and \$728,750 payable in equal monthly installments of \$60,729 during the last four years and 11 months of the initial lease term.

The Fund IX-X-XI-REIT Joint Venture has agreed to provide ABB on the fifth anniversary of the rental commencement date a redecoration allowance of an amount equal to (1) \$5.00 per square foot

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of useable area of the premises leased which has been leased and occupied by ABB for at least three consecutive years ending with such fifth anniversary reduced by (2) \$177,000.

The terms of the ABB lease provide that ABB has the right of first refusal for the lease of any space in the ABB Building not initially leased by ABB. In the event that the Fund IX-X-XI REIT Joint Venture has secured a potential tenant for any of such space, the joint venture has agreed to give ABB ten business days to exercise its right to add such space to the leased premises. The base rent payable and other charges and any allowances shall be solely as set forth in the notice to ABB of the proposed terms of the lease for the potential tenant of such space. If ABB does not so exercise its right of first refusal within such ten business day period, the joint venture will have the right to lease the space to the potential tenant, except that, after the expiration of any such lease to another party, such space will again become subject to ABB's right of first refusal. The ABB lease further provides that during the term of the ABB lease, no leases of space with other tenants for any space not initially leased by ABB pursuant to the ABB lease shall have a term in excess of three years from the last day of the month in which such third-party tenant takes possession of such space.

ABB has a one-time option to terminate the ABB lease as of the seventh anniversary of the rental commencement date which is exercisable by written notice to the Fund IX-X-XI-REIT Joint Venture at least 12 months in advance of

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

The Ohmeda Building

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

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

The entire 106,750 rentable square feet of the Ohmeda Building is currently under lease with Ohmeda, Inc. (Ohmeda). The Ohmeda lease currently expires in January 2005, subject to (1) Ohmeda's right to effectuate an early termination of the Ohmeda lease under the terms and conditions described below, and (2) Ohmeda's right to extend the Ohmeda Lease for two additional five year periods of time.

Ohmeda is a medical supply firm based in Boulder, Colorado and is a worldwide leader in vascular access and hemodynamic monitoring for hospital patients. Ohmeda also has a special products division, which produces neonatal and other oxygen care products. Ohmeda recently extended an

agreement with Hewlett-Packard to include co-marketing and promotion of combined Ohmeda/H-P neonatal products.

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

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

Year	Annual Rent	Monthly Rent
----	-----	-----
1999-2002	\$1,004,520	\$83,710
2003	\$1,054,692	\$87,891
2004	\$1,107,000	\$92,250

The Ohmeda lease contains an early termination clause that allows Ohmeda the right to terminate the Ohmeda lease, subject to certain conditions, on either January 31, 2001 or January 31, 2002. In order to exercise this early termination clause, Ohmeda must give the Fund IX-X-XI-REIT Joint Venture notice on or before 5:00 p.m. MST, January 31, 2000, and said notice must identify which early termination date Ohmeda is exercising. If Ohmeda exercises its right to terminate on January 31, 2001, then Ohmeda must tender \$753,388 plus an

amount equal to the amount of real property taxes estimated to be payable to the landlord in 2002 for the tax year 2001 based on the most recent assessment information available on the early termination date. If Ohmeda exercises its right to terminate on January 31, 2002, then Ohmeda must tender \$502,259 plus an amount equal to the amount of real property taxes estimated to be payable to the landlord in 2003 for the tax year 2002 based on the most recent assessment information available on the early termination date. At the present time, real property taxes relating to this property are approximately \$135,500 per year. The payment of these amounts by Ohmeda for early termination must be made on or before the 180th day prior to the appropriate early termination date. If the amount of the real property taxes actually assessed is greater or lesser than the amount paid by Ohmeda on the early termination date, then the difference shall be adjusted accordingly within 30 days of notice of such difference.

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

The base rental for the expansion space payable under the Ohmeda lease shall be calculated to generate a rate of return to the Fund IX-X-XI-REIT Joint Venture on its project costs and any retrofit expenses with respect to the existing premises incurred by landlord over the new, ten year extended primary lease term, equal to the prime lending rate published by Norwest Bank, N.A. on the first day

of such extended primary lease term, plus 3.0%, plus full amortization of the tenant finish costs with respect to the expansion space and the existing premises. This base rental shall be payable through January 31, 2005. The base rental payable under the Ohmeda lease from February 1, 2005 through the remaining balance of the new, extended ten year primary lease term, shall be based on a combined rental rate equal to the sum of (1) the base rental payable by Ohmeda during lease year number seven for the existing premises, plus (2) the base rent payable by Ohmeda during lease year number seven for the expansion space, plus an amount equal to 2% of the combined rental rate. Thereafter, the base rent payable for the entire premises shall be the base rent payable during the previous lease year plus an amount equal to 2% of the base rent payable during such previous lease year.

The Interlocken Building

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

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

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

The entire third floor of the Interlocken Building containing 19,229 rentable square feet (37% of the total rentable square feet) is currently under lease to Transecon, Inc. The Transecon lease currently expires in October 2001, subject to Transecon's right to extend for one additional term of five years upon 180 days' notice.

Transecon is a consumer distributor of environmental friendly products, including on-site video and audio production of environmental and alternative health videos using state-of-the-art electronics and sound stage. Transecon was founded in 1989 and currently employs approximately 60 people.

The monthly base rent payable under the Transecon Lease is approximately \$24,000 for the initial term of the lease, and is calculated under the Transecon lease based upon 18,011 rentable square feet. In addition, Transecon has a right of first refusal under the lease for any second floor space proposed to be leased by the landlord. If Transecon elects to extend the lease, the monthly base rent shall be a market rate, but no less than \$24,000 and no more than \$27,700. In accordance with the Transecon lease, Golden Rule, Inc., an affiliate of Transecon, occupies 6,621 rentable square feet of the third floor. Transecon guarantees the entire payment due under the Transecon Lease.

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Transecon also leases 1,510 rentable square feet on the first floor. The base rent payable for this space is as follows:

Year	Annual Rent	Monthly Rent
-----	-----	-----
1999	\$25,200	\$2,100
2000	\$25,800	\$2,150
2001	\$26,400	\$2,200

The entire second floor of the Interlocken Building containing 17,146 rentable square feet (33% of total rentable square feet) is currently under lease to ODS Technologies, L.P. (ODS). The ODS lease expires in September 2003, subject to ODS's right to extend for one additional term of three years upon 180 days' notice.

ODS provides in-home financial transaction services via telephone and television, and it has developed interactive computer-based applications for such in-home purchasing. Originally based in Tulsa, Oklahoma, ODS has relocated its business to the Interlocken Building.

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

Year	Annual Rent	Monthly Rent
-----	-----	-----
1999	\$271,200	\$22,600
2000	\$277,200	\$23,100
2001	\$282,600	\$23,550
2002	\$288,600	\$24,050
2003	\$294,600	\$24,550

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

The first floor of the Interlocken Building containing 15,599 rentable square feet is occupied by several tenants whose leases expire in late 2001 or 2002. The aggregate monthly base rent payable under these leases for 1999 is approximately \$22,055.

The Iomega Building

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

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

The entire Iomega Building is currently under lease to Iomega Corporation (Iomega). The Iomega lease has a ten year lease term which commenced on August 1, 1996 and expires in July 2006.

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The Iomega lease contains no extension provisions. Iomega's world headquarters are located within one mile of the Iomega Building.

Iomega, a New York Stock Exchange company, is a manufacturer of computer storage devices used by individuals, businesses, government and educational institutions, including "Zip" drives and disks, "Jaz" one gigabyte drives and disks, and tape backup drives and cartridges. Iomega reported total sales of in excess of \$1.6 billion and a net worth of in excess of \$400 million for its fiscal year ended December 31, 1998.

The monthly base rent payable under the Iomega 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 Iomega lease will be increased to reflect an amount equal to 100% of the increase in the Consumer Price Index during the preceding 40 months; provided however, that in no event shall the base rent be increased with respect to any one year by more than 6% or by less than 3% per year, compounded annually, on a cumulative basis from the beginning of the lease term.

The Fairchild Building

Wells OP entered into a Joint Venture Agreement known as Wells/Fremont Associates (Fremont Joint Venture) with Fund X and Fund XI Associates (the Fund X-XI Joint Venture), a joint venture between Wells Fund X and Wells Fund XI. The purpose of the Fremont Joint Venture is the acquisition, ownership, leasing, operation, sale and management of real properties, including, but not limited to, that certain manufacturing and office building containing 58,424 rentable square feet located in Fremont, Alameda County, California (Fairchild Building).

As of January 10, 1999, Wells OP had made total capital contributions to the Fremont Joint Venture of \$6,983,110 and held an equity percentage interest in the Fremont Joint Venture of 77.5%, and the Fund X-XI Joint Venture had made total capital contributions to the Fremont Joint Venture of \$2,000,000 and held an equity percentage interest in the Fremont Joint Venture of 22.5%.

On July 21, 1998, the Fremont Joint Venture acquired the Fairchild Building for a purchase price of \$8,900,000. The Fairchild Building is a two story manufacturing and office building with 58,424 rentable square feet. Construction of the Fairchild Building was completed in 1985.

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

The entire 58,424 rentable square feet of the Fairchild Building is currently under lease to Fairchild Technologies U.S.A., Inc. (Fairchild). The Fairchild lease commenced on December 1, 1997 and expires in November 2004, subject to Fairchild's right to extend the Fairchild lease for an additional five year period.

Fairchild is a global leader in the design and manufacture of production equipment for semiconductor and compact disk manufacturing. The semiconductor equipment group recently unveiled a new line of semiconductor wafer processing equipment which will provide alternatives to the traditional semiconductor chip production methods.

Fairchild is a wholly-owned subsidiary of the Fairchild Corporation (Fairchild Corp). Fairchild Corp is the largest aerospace fastener and fastening system manufacturer and is one of the

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largest independent aerospace parts distributors in the world. Fairchild Corp is a leading supplier to aircraft manufacturers such as Boeing, Airbus, Lockheed Martin, British Aerospace and Bombardier and to airlines such as Delta Airlines and U.S. Airways. The obligations of Fairchild under the Fairchild lease are guaranteed by Fairchild Corp, which reported total consolidated sales of in excess of \$741 million and a net worth of in excess of \$470 million for its fiscal year ended June 30, 1998.

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

Year	Annual Rent	Monthly Rent
----	-----	-----
1999	\$817,536	\$68,128
2000	\$842,064	\$70,172
2001	\$867,324	\$72,277
2002	\$893,340	\$74,445
2003	\$920,136	\$76,678
2004	\$947,736	\$78,978

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

The Cort Furniture Building

Wells OP entered into another Joint Venture Agreement with the Fund X-XI Joint Venture known as Wells/Orange County Associates (Cort Joint Venture) for the purpose of the acquisition, ownership, leasing, operation, sale and management of real properties, including, but not limited to, that certain office and warehouse building containing 52,000 rentable square feet located in Fountain Valley, Orange County, California (the Cort Furniture Building).

As of January 10, 1999, Wells OP had made total capital contributions to the Cort Joint Venture of \$2,870,982 and held an equity percentage interest in the Cort Joint Venture of 44%, and the Fund X-XI Joint Venture made total capital contributions to the Cort Joint Venture of \$3,695,000 and held an equity percentage interest in the Cort Joint Venture of 56%.

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

On July 31, 1998, the Cort Joint Venture acquired the Cort Furniture Building for a purchase price of \$6,400,000. The Cort Furniture Building is a one story office and warehouse building with 52,000 rentable square feet comprised of an 18,000 square foot office and open showroom area and a 34,000 square foot warehouse area. Construction of the Cort Furniture Building was completed in 1975.

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The site consists of two parcels of land totaling approximately 3.6 acres and is located at 10700 Spencer Street on the southeast corner of Spencer Avenue and Mt. Langley Street adjacent on the south side to Interstate 405 in the City of Fountain Valley, California.

The entire 52,000 rentable square feet of the Cort Furniture Building is currently under lease to Cort Furniture Rental Corporation (Cort). Cort uses the Cort Furniture Building as its regional corporate headquarters with an attached clearance showroom and warehouse storage areas.

The Cort lease contains a lease term of 15 years which commenced on November 1, 1988, and expires in October 2003. Cort has an option to extend the Cort lease for an additional five year period of time.

Cort is a wholly-owned subsidiary of Cort Business Services Corporation, a New York Stock Exchange Company trading under the symbol CBZ (Cort Business Services). Cort Business Services is the largest and only national provider of high-quality office and residential rental furniture and related accessories. Cort Business Services has operations that cover 32 states and the District of Columbia and includes 119 rental showrooms. The obligations of Cort under the Cort Furniture lease are guaranteed by Cort Business Services, which reported net income of in excess of \$23 million on total consolidated revenue of in excess of \$319 million, and reported a net worth of in excess of \$175 million for its fiscal year ended December 31, 1998.

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

The Associates Building

On _____, 1999, Wells OP acquired a 55% undivided co-tenancy interest in the Associates Building pursuant to an Agreement for the Purchase and Sale of Property with Wells Development dated September 15, 1998. The purchase price paid by Wells OP for its undivided interest was \$1,650,000, payable _____. The remaining undivided 45% interest is owned by Beaver Ruin-ARC Way, Ltd. and Carter Boulevard, Ltd. (Beaver/Carter), both limited partnerships affiliated with the advisor. The purchase price of the undivided interest acquired by Beaver/Carter was \$1,350,000. Wells Development used the proceeds received from Beaver/Carter, along with a loan in the amount

of \$4,500,000 from First Capital Bank, as described below, to partially fund the purchase and development of the Associates Building. The total cost for the development of the Associates Building was \$_____. Wells Development did not make any profit or incur any loss in connection with this transaction.

Wells OP has entered into a Tenancy-in-Common Agreement with Beaver/Carter. This Tenancy-in-Common Agreement sets forth the rights of the parties with regard to their co-ownership of

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the Associates Building including, but not limited to, the contribution of funds for the payment of expenses required in connection with the ownership and management of the Associates Building. The Tenancy-in-Common Agreement also contains a right of first refusal and buy-sell provisions which allows either party to require the other party to sell its interest in the Associates Building upon the happening of certain events. However, we may be unable to finance any such buy-out right at the required time. Further, an impasse could be reached on matters pertaining to the ownership or operation of the Associates Building, which may have a detrimental impact on the success of this property.

Due to the nature of a co-tenancy interest, it may be difficult for the Wells REIT to sell its co-tenancy interest in the Associates Building. Further, ownership of properties in co-tenancies involves certain risks not otherwise present, including the possibility that the co-tenant in the investment might become bankrupt, that the co-tenant may be in a position to take action contrary to our policies or objectives, or that the co-tenant may have economic or business interests or goals which are inconsistent with our business interests and goals. It should be noted in this regard that Beaver/Carter obtained the proceeds used to invest in the Associates Building from a sale of another property in a transaction intended to qualify as a tax free like-kind exchange. Accordingly, Beaver/Carter has a relatively low tax basis in its interest in the Associates Building and may not desire to sell the Associates Building at the same time as we desire to sell the Associates Building.

Wells Development obtained a construction loan from First Capital Bank in the amount of \$4,500,000, the proceeds of which were used to fund the development and construction of the Building. The Associates loan matures on November 30, 1999, unless Wells Development exercises its option to extend the Associates loan maturity date an additional 12 months. The interest rate on the Associates loan is a variable rate equal to the six month London Inter Bank Offered Rate, plus 200 basis points, rounded up to the nearest 1/8%. Wells Development is required to pay to First Capital Bank monthly installments of interest only with a final payment of principal, plus all accrued and unpaid interest due on the maturity date. The Associates loan is secured by a first priority mortgage against the Associates Building. In addition, Leo F. Wells, III and Wells Management will be co-guarantors of the Associates loan.

The Associates Building is a one story office building containing approximately 71,400 rentable square feet located in Knoxville, Tennessee. The Associates Building is located in an office park known as Centerpoint Business Park, on Pellissippi Parkway just north of the intersection of Interstates 40 and 75, in Knox County, Tennessee. The site is outside the city limits of Knoxville and approximately 10 miles west of the Knoxville central business district.

Associates Housing Finance, LLC (Associates) agreed to lease 50,000 rentable square feet of the Associates Building comprising approximately 70% of such building.

Associates is a wholly-owned subsidiary of Associates First Capital Corporation (First Capital), a Delaware corporation which was recently spun off by Ford Motor Company. First Capital is a leading diversified consumer and commercial finance company which provides finance, leasing and related services to individual consumers and businesses in the United States and internationally. First Capital reported net income for the year ended December 31, 1998 of over \$1.2 billion on gross revenues of over \$9.3 billion and a net worth of over \$8.5

billion. First Capital has guaranteed \$6,206,952 of the Associates lease. This guaranteed amount declines on a monthly basis over the lease term provided there is no continuing default under the Associates lease.

Associates is engaged in the financing of manufactured housing, and is the third largest provider of such services in the United States. Associates purchases manufactured housing retail installment contracts originated by retail dealers, originates and services direct loans to purchasers and provides wholesale financing to approved manufactured housing dealers. Associates also provides commercial business loans to certain manufactured housing dealers to provide capital to build new retail sales centers, update existing facilities or expand into community park sales.

The Associates lease contains a lease term of 84 months which commenced on August _____, 1999 and expires in August 2006. Associates has the option to extend the initial term of the Associates lease for two successive five year periods. Each extension option must be exercised no less than nine months prior to the expiration of the then current lease term.

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

Months -----	Annual Rent -----	Monthly Rent -----
1-28	\$600,000	\$50,000
29-56	\$625,000	\$52,083
57-84	\$650,000	\$54,167

The annual base rent for each extended term under the Associates lease will be the "market rate" for the period covered by the extended term. The term "market rate" is defined in the Associates lease as the annual effective rental rate per square foot of rentable floor area then being charged by landlords under new leases of office space in the metropolitan Knoxville, Tennessee market for similar space in a building of comparable quality and with comparable parking and other amenities. The Associates lease provides that if the parties cannot agree on the appropriate market rate, the market rate shall be established by real estate appraisers.

The terms of the Associates lease provide that Associates has a right of first refusal for the lease of any space in the building not initially leased by Associates. In the event that the Wells REIT has secured a potential tenant for any of such space, the Wells REIT has agreed to give Associates ten business days to exercise its right to add such space to the leased premises. In the event that Associates exercises its right of first refusal, the lease of the additional space will be subject to all the terms and conditions of the Associates lease, including the base rental which shall be based upon the number of square feet of rentable area added to the premises. If Associates does not so exercise its right of first refusal within such ten business day period, the Wells REIT will have the right to lease the space to the potential tenant and Associates shall have no further rights relating to the additional space.

The PWC Building

On December 31, 1998, Wells OP acquired a four story office building containing approximately 130,090 rentable square feet which was recently developed and constructed on an approximately 9 acre tract of real property located in Tampa, Florida. The total purchase price for the PWC Building was \$21,127,854.

Wells OP purchased the PWC Building subject to a loan from SouthTrust Bank, National Association (SouthTrust) in the outstanding principal amount of

\$14,132,537.87 (the SouthTrust Loan). The SouthTrust Loan consists of a revolving credit facility whereby SouthTrust agreed to loan up to

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\$15.5 million. The principal balance of the SouthTrust Loan has been paid off by Wells OP leaving in place the revolving credit facility.

Construction of the PWC Building was completed in December 1998. The parking area contains approximately 600 paved parking spaces, including a two level parking deck accommodating 312 spaces, approximately 126 of which are covered.

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

The entire PWC Building is under lease to PriceWaterhouseCoopers (PWC). 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.

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

The annual base rent payable under the PWC lease is \$1,915,741.13 (\$14.73 per square foot) payable in equal monthly installments of \$159,645.09 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 \$13,009 (\$.10 per square foot) as additional rent.

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

The "market rent rate" under the PWC lease shall be determined by agreement of the parties within 30 days after the date on which PWC delivers its notice of renewal. If Wells OP and PWC are unable to reach agreement on the market rent rate within said 30 day period, then each party shall simultaneously submit to the other in a sealed envelope its good faith estimate of the market rent rate within seven days of expiration of the 30 day period. If the higher of such estimates is not more than one hundred five percent (105%) of the lower of such estimates then the market rent rate shall be the average of the two estimates. Otherwise, within five days either party may request in writing to resolve

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the dispute by arbitration. The "market rate rent" shall be based upon the fair market rent then being charged by landlords under new leases of office space in the Westshore Business District for similar space in a building of comparable quality with comparable amenities.

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

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

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

In the event that PWC elects to exercise its expansion option and Wells OP determines not to proceed with the construction of the expansion building as described above, or if Wells OP is otherwise required to construct the expansion building and fails to do so in a timely basis pursuant to the PWC lease, PWC may exercise its purchase option by giving Wells OP written notice of such exercise within 30 days after either such event. If PWC properly exercises its purchase option, PWC must simultaneously deliver a deposit in the amount of \$50,000. The purchase price for the PWC Building pursuant to the purchase option shall be equal to (a) the average of the monthly base rent for each month remaining in the initial term as of the closing date on the Purchase Option multiplied by 12, and (b) such average annual base rent shall be multiplied by 11.

The Vanguard Cellular Building

On February 4, 1999, Wells OP acquired a four story office building containing approximately 81,859 rentable square feet located in Harrisburg, Pennsylvania. Construction of the Vanguard Cellular Building was completed in

November 1998.

Wells OP purchased the Vanguard Cellular Building for a purchase price of \$12,291,200. Wells OP expended cash proceeds in the amount of \$6,332,100 and obtained a loan in the amount of \$6,425,000 from Bank of America, N.A., the net proceeds of which were used to fund the remainder of the purchase price of the Vanguard Cellular Building.

The Vanguard loan matures on January 4, 2002. The interest rate on the Vanguard Loan is a fixed rate equal to the rate appearing on Telerate Page 3750 as the London Inter Bank Offered Rate plus 200 basis points over a six month period. The interest rate is fixed for the initial six months of the loan at 7% per annum. A principal installment in the amount of \$6,150,000 is due and payable by Wells OP on August 1, 1999. Thereafter, Wells OP is required to make quarterly installments of principal in an amount equal to one-ninth of the outstanding principal balance as of October 1, 1999. The Vanguard loan is secured by a first mortgage against the Vanguard Cellular Building. Leo F. Wells, III and the Wells REIT are co-guarantors of the Vanguard loan.

The site consists of approximately 10.5 acres of land in Commerce Park, located in the Lower Paxton Township, a planned business park, at the intersection of Progress Avenue and Interstate Drive just off of the Progress Avenue exit of Interstate 81.

The Vanguard Cellular Building is leased to Pennsylvania Cellular Telephone Corp., a subsidiary of Vanguard Cellular.

Vanguard Cellular is an independent operator of cellular telephone systems in the United States with over 664,000 subscribers located in 26 markets in the Mid-Atlantic, Ohio Valley and New England regions of the United States. Vanguard Cellular markets its wireless products and services under the name CellularOne, a nationally recognized brand name partially owned by Vanguard Cellular. Vanguard Cellular operates primarily in suburban and rural areas that are close in proximity to major urban areas, which it believes affords several advantages over its traditional urban competitors, including (1) greater network capacity, (2) greater roaming revenue opportunities, (3) lower distribution costs, and (4) higher barriers to entry by competitors. The obligations of Pennsylvania Telephone under the Vanguard Cellular Lease are guaranteed by Vanguard Cellular, which reported net income in excess of \$74 million on revenues in excess of \$420 million and a net worth in excess of \$100 million for the year ended December 31, 1998.

As of October 2, 1998, Vanguard Cellular had entered into a definitive merger agreement, as amended, with AT&T Corp. pursuant to which Vanguard Cellular will be merged with and into a wholly-owned subsidiary of AT&T. The board of directors of each company has approved the merger. A special meeting of Vanguard Cellular's shareholders to consider the merger was held on April 27, 1999 and the merger was completed on _____, 1999.

The initial term of the Vanguard Cellular lease is ten years which commenced on November 16, 1998. Vanguard has the option to extend the initial term of the Vanguard Cellular lease for three additional five year periods and one additional four year and 11 month period. Each extension option

must be exercised by giving written notice to the landlord at least 12 months prior to the expiration date of the then current lease term. The following table summarizes the annual base rent payable during the initial term of the Vanguard Cellular lease:

Year	Annual Rent	\$ Per Sq. Ft.	Monthly Rent
------	-------------	----------------	--------------

1	\$ 880,264.10	\$10.75	
Month 1			\$ 0.00
Months 2-7			51,853.50
Months 8-12			113,828.62
2	1,390,833.11	16.99	115,902.76
3	1,416,220.59	17.30	118,018.38
4	1,442,115.81	17.62	120,176.32
5	1,468,528.94	17.94	122,377.41
6	1,374,010.89	16.79	114,500.91
7	1,401,491.11	17.12	116,790.93
8	1,429,520.93	17.46	119,126.74
9	1,458,111.35	17.81	121,509.28
10	1,487,273.58	18.17	123,939.47

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

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

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

premises. If Pennsylvania Telephone fails to deliver its notice to proceed within the above mentioned 60 day period, then Pennsylvania Telephone shall be deemed to have elected not to expand.

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

extended to include the remaining portion of the renewal term which is less than one year.

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

The Matsushita Property

Purchase of the Matsushita Property. On March 15, 1999, Wells OP purchased

an 8.8 acre tract of land located in Lake Forest, Orange County, California for a purchase price of \$4,450,230.

Wells OP entered into a development agreement for the construction of a two story office building containing approximately 150,000 rentable square feet to be erected on the Matsushita Property. Wells OP entered into an Office Lease with Matsushita Avionics Systems Corporation (Matsushita Avionics), pursuant to which Matsushita Avionics agreed to lease all of the Matsushita Project upon its completion.

Termination of Existing Lease. Matsushita Avionics is currently a tenant

of a building located at 15253 Bake Parkway, Irvine, California owned by Fund VIII and Fund IX Associates (Fund VIII-IX Joint Venture), a Georgia joint venture between Wells Fund VIII and Wells Fund IX. Matsushita Avionics and the Fund VIII-IX Joint Venture have entered into a Lease and Guaranty Termination Agreement dated February 18, 1999 pursuant to which Matsushita Avionics will be vacating the existing building and relieved of any of its obligations under the existing lease upon the Matsushita commencement date of the Matsushita lease.

Rental Income Guaranty by Wells OP. In consideration for the Fund VIII-IX

Joint Venture releasing Matsushita Avionics from its obligations under the existing lease and thereby allowing Wells OP to enter into the Matsushita lease with Matsushita Avionics, Wells OP entered into a Rental Income Guaranty Agreement dated as of February 18, 1999, whereby Wells OP guaranteed the Fund VIII-IX Joint Venture that it will receive rental income on the existing building at least equal to the rent and

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building expenses that the Fund VIII-IX Joint Venture would have received over the remaining term of the existing lease.

Description of the Matsushita Project and the Site. The Matsushita project

involves the construction of a two story office building containing 150,000 rentable square feet. The building will contain parking for approximately 600 vehicles.

The site consists of an 8.8 acre tract of land 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 with easy access to the Foothill Transportation Corridor

and the San Diego Freeway.

An independent appraisal of the Matsushita project dated March 16, 1999 was prepared by CB Richard Ellis, Inc., real estate appraisers, pursuant to which the market value of the land and the leased fee interest in the Matsushita project subject to the Matsushita lease was estimated to be \$18.9 million, in cash or terms equivalent to cash, as of December 21, 1999, the anticipated completion date. This value estimate was based upon a number of assumptions, including that the Matsushita project will be finished in accordance with plans and specifications, that total development costs would not exceed \$17.8 million and that the building will be operated following completion at a stabilized level with Matsushita Avionics occupying 100% of the building at a rental rate calculated based upon the \$17.8 million development budget. Prior to closing of the Matsushita loan (described below), Bank of America will obtain a revised independent appraisal of the Matsushita Property reflecting a value estimate based upon a development budget of \$18.4 million. Wells OP obtained an environmental report prior to closing of the Matsushita Property evidencing that the environmental condition of the Matsushita Property is satisfactory.

The Matsushita Project Loans. Wells OP obtained \$3,500,000 in additional

financing for the Matsushita project from SouthTrust Bank, N.A. pursuant to the revolving credit facility extended to Wells OP in connection with the acquisition of the PriceWaterhouseCoopers Building in Tampa, Florida.

In addition, Wells OP obtained a construction loan from Bank of America, N.A. in the maximum principal amount of \$15,375,000, the proceeds of which are being used to fund the development and construction of the Matsushita project. The Matsushita loan shall mature on May 9, 2001. The interest rate on the Matsushita loan is a variable rate equal to either (1) the Bank of America "prime rate," or (2) at the option of Wells OP, the rate per annum appearing on Telerate Page 3750 as the London Inter Bank Offered Rate for a 30 day period, plus 200 basis points. Wells OP is making monthly installments of interest, and it is anticipated that, commencing in January 2000, Wells OP will make monthly installments of principal in the amount of \$10,703 until maturity. On the maturity date, the entire outstanding principal balance plus any accrued but unpaid interest shall be due and payable. The Matsushita loan is secured by a first priority mortgage against the Matsushita project. Leo F. Wells, III and the Wells REIT are co-guarantors of the Matsushita loan.

Development Agreement. On March 23, 1999, Wells OP entered into a

development agreement with ADEVCO Corporation, as the exclusive development manager to supervise, manage and coordinate the planning, design, construction and completion of the Matsushita project.

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As compensation for the services to be rendered by the developer under the development agreement, Wells OP will pay a development fee of \$250,000. The fee will be due and payable ratably (on the basis of the percentage of construction completed) as the construction and development of the Matsushita project is completed.

We anticipate that the aggregate of all costs and expenses to be incurred by Wells OP with respect to the acquisition of the Matsushita property, the planning, design, development, construction and completion of the Matsushita project, the build-out of tenant improvements under the Matsushita lease and the contingency reserve will total approximately \$18,400,000. The development budget may be adjusted upward or downward based upon changes agreed to by Wells OP and Matsushita Avionics. The development budget is as follows:

Construction Contract	\$6,492,431
Tenant Improvements	3,675,957

Land	4,450,230
Property Taxes	65,000
Architectural Fees	622,472
Architect's Expenses	60,000
Development Fee	250,000
Government Fees	1,072,019
Survey and Engineering	30,300
Appraisal	7,500
Miscellaneous	32,000
Lease Commissions	608,292
Contingency	300,000
Construction Interest	535,757
Loan Fees	91,844
Legal Fees	75,000

Under the terms of the development agreement, the developer has agreed that, in the event that the total of all such costs and expenses exceeds \$18,400,000 (except for changes agreed to by Wells OP and Matsushita Avionics), the amount of fees payable to the developer shall be reduced by the amount of any such excess. Unless the fees otherwise payable to the developer are reduced as set forth above, it is estimated that the total sums due and payable to the developer under the development agreement will be approximately \$250,000.

Construction Contract. Wells OP entered into a construction contract with -----
the general contracting firm of GWGC, Inc. doing business as Gordon & Williams General Contractors, Inc. for the construction of the Matsushita project. The contractor is a California corporation based in Laguna Hills, California specializing in commercial, industrial, amusement park and office buildings. The contractor is presently engaged in the construction of ten projects with a total construction value of in excess of \$72 million, and since 1993, has completed 45 projects with a total construction value in excess of \$1.9 billion. Construction of the Matsushita project began in May 1999.

The construction contract provides that Wells OP shall pay the contractor a fee equal to 3% of the cost of the work performed by the contractor, as adjusted by approved change orders, for the construction of the Matsushita project, excluding tenant improvements. The contractor will be responsible for all costs of labor, materials, construction equipment and machinery necessary for

completion of the Matsushita project. In addition, the contractor will be required to secure and pay for any additional business licenses, tap fees and building permits which may be necessary for construction of the Matsushita project. Under the construction contract, the cost of the work and the contractor's fees will be guaranteed not to exceed \$6,500,000, subject to additions and deductions by approved change orders. To the extent that costs incurred by the contractor exceed such guaranteed maximum price, the contractor will be required to pay all such costs without reimbursement by Wells OP.

Any amounts saved by the contractor as a result of bids awarded or subcontracted at amounts below the approved costs for such items shall be set aside as a contingency reserve. The contractor may only be reimbursed from the contingency reserve for reasonable costs incurred in connection with certain unknown and unforeseeable risks enumerated in the construction contract, and only to the extent that such costs will not cause the contractor to exceed the guaranteed maximum price. In the event that, at the time of final completion, the total aggregate sum of the actual cost of the work, the contractor's fees and any amounts incurred to remedy defects in the work is less than the guaranteed maximum price, the difference shall be divided evenly by the contractor and Wells OP.

Wells OP will make monthly progress payments to the contractor in an amount of 90% of the portion of the contract price properly allocable to labor, materials and equipment, less the aggregate of any previous payments made by

Wells OP. Wells OP will pay the entire unpaid balance when the Matsushita project has been fully completed in accordance with the terms and conditions of the construction contract.

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

We anticipate that the Matsushita Project will be completed on or before December 20, 1999.

Architect's Agreement. Ware & Malcomb Architects, Inc. is the architect

for the Matsushita project pursuant to the architect's agreement dated January 11, 1999 entered into with Wells OP. The architect, which was founded in 1972, is based in Irvine, California, has a professional staff of over 75 persons, and specializes in the design of office buildings, corporate facilities, industrial and research and development buildings, healthcare and high-tech facilities, as well as commercial/retail centers.

The architect's basic services under the architect's agreement include the schematic design phase, the design development phase, the construction documents phase, the bidding or negotiation phase and the construction phase.

The total amount of fees payable to the architect under the architect's agreement is \$622,472. Payments are being paid to the architect on a monthly basis in proportion to the services performed within each phase of service. In addition, the architect and its employees and consultants are

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reimbursed for expenses including, but not limited to, transportation in connection with the Matsushita project, living expenses in connection with out-of-town travel, long distance communications and fees paid for securing approval of authorities having jurisdiction over the Matsushita project. It is estimated that the total reimbursable expenses in connection with the development of the Matsushita project will be approximately \$60,000.

Matsushita Lease. On February 18, 1999, Wells OP entered into an Office

Lease pursuant to which Matsushita Avionics agreed to lease 100% of the 150,000 rentable square feet of the Matsushita project.

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 oversees the North American operations of Matsushita Industrial. In North America, Matsushita Electric makes consumer, commercial and industrial electronics, including products ranging from juke boxes to flat digital television sets, primarily under the Panasonic brand name. Matsushita Electric has more than 20 plants in the United States, Mexico and Canada and employs over 23,000 people. Matsushita Electric has guaranteed the obligations of Matsushita Avionics under the Matsushita lease. Matsushita Electric reported net income for the fiscal year ended March 31, 1998 of over \$700 million on gross revenues

of over \$8.0 billion.

The initial term of the Matsushita lease will be seven years to commence on the earlier of (1) the date Matsushita Avionics commences business in the premises, or (2) the date upon which a series of conditions are met, including but not limited to, Wells OP's completion of the improvements and a certificate of occupancy is issued. 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 monthly base rent payable under the Matsushita lease shall be as follows:

Lease Year -----	Monthly Installment of Base Rent -----
1-2	\$152,500
3-4	\$162,260
5-6	\$172,020
7	\$181,780

The monthly base rent is based upon a projected total cost for the Matsushita project of \$17,847,769. If the total project cost, as provided in the work letter attached as an exhibit to the Matsushita lease, is more or less than \$17,847,769, then the monthly base rent shall be adjusted upward or downward, as the case may be, by ten percent (10%) of the difference.

The monthly base rent payable during the option term shall be ninety-five percent (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 six percent (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.

Following construction and completion of the Matsushita project, property management and leasing services will be performed by Wells Management. As compensation for its services, Wells Management will receive fees equal to 4.5% of the gross revenues for property management services and leasing services with respect to the Matsushita project. In addition, Wells Management will receive a one-time initial lease-up fee relating to the Matsushita lease equal to the first month's rent plus 5% of the gross revenues over the initial term of the Matsushita lease.

The Wells Fund XI-Fund XII-REIT Joint Venture

Wells OP entered into a Joint Venture Partnership Agreement with Wells Fund XI for the purpose of the acquisition, ownership, development, leasing, operation, sale and management of real properties. On June 21, 1999, the Joint Venture Partnership Agreement was amended and restated to admit Wells Fund XII

as a joint venture partner. The joint venture is known as The Wells Fund XI-Fund XII-REIT Joint Venture. As of _____, 1999, Wells OP had made total capital contributions to The Wells Fund XI-Fund XII-REIT Joint Venture of \$_____ and held an equity percentage interest in such joint venture of ____%; Wells Fund XI had made total capital contributions to The Wells Fund XI-Fund XII-REIT Joint Venture of \$_____ and held an equity percentage interest in such joint venture of ____%; and Wells Fund XII had made total capital contributions to The Wells Fund XI-Fund XII-REIT Joint Venture of \$_____ and held an equity percentage interest in such joint venture of ____%.

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

The EYBL CarTex Building

On May 18, 1999, the Wells Fund XI-Fund XII-REIT Joint Venture acquired the EYBL CarTex Building for a purchase price of \$5,085,000. 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.

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

The entire 169,510 rentable square feet of the EYBL CarTex Building is currently under lease to EYBL CarTex, Inc. (EYBL CarTex). The EYBL CarTex lease commenced on March 1, 1998 and expires in February 2008, subject to EYBL CarTex's right to extend the lease for two additional five year periods of time.

EYBL CarTex produces automotive textiles for BMW, Mercedes, GM Bali, VW Mexico and Golf A4. EYBL CarTex is a wholly-owned subsidiary of EYBL International, AG, Krems/Austria. EYBL International is the world's largest producer of circular knit textile products and loop pile plushes for the automotive industry. It has plants in Austria, Germany, Hungary, Slovakia, Brazil and the United States. EYBL International reported total consolidated sales of in excess of \$260 million and a net worth of approximately \$50 million during 1998.

The base rent payable under the EYBL CarTex lease for the remainder of the lease term shall be as follows:

Lease Year -----	Annual Rent -----	Monthly Rent -----
1	\$508,530.00	\$ 42,377.50
2	\$508,530.00	\$ 42,377.50
3	\$508,530.00	\$442,377.50
4	\$550,907.50	\$ 45,908.95
5	\$550,907.50	\$ 45,908.95
6	\$593,285.00	\$ 49,440.42
7	\$593,285.00	\$ 49,440.42
8	\$610,236.00	\$ 50,853.00
9	\$610,236.00	\$ 50,853.00
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The monthly base rent payable for each extended term of the lease will be equal to the fair market rent as submitted by the landlord. If the tenant does not agree to the proposed rent by the landlord for the extension term, tenant may require the fair market rent be determined by three appraisers, one of which will be selected by the tenant, one by the landlord and the final appraiser shall be selected by the first two appraisers.

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

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The Sprint Building

On July 2, 1999, The Wells Fund XI-Fund XII-REIT Joint Venture acquired the Sprint Building for a purchase price of \$9,500,000. The Sprint Building is a three story office building with approximately 68,900 rentable square feet.

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

The entire 68,900 rentable square feet of the Sprint Building is currently under lease to Sprint Communications Company L.P. (Sprint). The Sprint lease commenced on May 19, 1997 and expires in May 2007, subject to Sprint's right to extend the lease for two additional five year periods of time.

Sprint is the nation's third largest long distance phone company, which operates on an all-digital long distance telecommunications network using state-of-the-art fiber optic and electronic technology. Sprint provides domestic and international voice, video and data communications services as well as integration management and support services for computer networks. Sprint reported net income of in excess of \$1.3 billion on net revenues of in excess of \$9.9 billion for its fiscal year ended December 31, 1998.

The monthly base rent payable under the Sprint lease is \$83,254 through May 18, 2002 and \$91,867 for the remainder of the lease term. The monthly base rent payable for each extended term of the Sprint lease will be equal to 95% of the then current market rate for comparable office buildings in the suburban south Kansas City, Missouri and south Johnson County, Kansas areas. If the parties are unable to agree upon the current market rate within 30 days of the date negotiations begin, the current market rate shall be determined by three licensed real estate brokers, one of which will be selected by Sprint, one of which will be selected by The Wells Fund XI-Fund XII-REIT Joint Venture and the final appraiser will be selected by the two appraisers previously selected.

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

Sprint also has an expansion option for an additional 20,000 square feet of

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

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

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

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

Property Management Fees

Wells Management has been retained to manage and lease all of the properties currently owned by the Fund IX-X-XI-REIT Joint Venture. While Wells Fund XI and the Wells REIT are authorized to pay aggregate management and leasing fees to Wells Management in the amount of 4.5% of gross revenues, Wells Fund IX and Wells Fund X are authorized to pay aggregate management and leasing fees to Wells Management in the amount of 6% of gross revenues. Since Wells Fund IX and Wells Fund X hold an aggregate 89.4% ownership percentage interest in the Fund IX-X-XI-REIT Joint Venture, while Wells Fund XI and the Wells REIT hold an aggregate 10.6% ownership percentage interest in the Fund IX-X-XI-REIT Joint Venture, 89.4% of the gross revenues of the Fund IX-X-XI-REIT Joint Venture are subject to a 6% property management and leasing fee, while 10.6% of the gross revenues of the Fund IX-X-XI-REIT Joint Venture are subject to a 4.5% property management and leasing fee.

Wells Management has also been retained to manage and lease the Fairchild Building, the Cort Furniture Building, the Associates Building, the PWC Building, the Vanguard Cellular Building, the EYBL CarTex Building and the Sprint Building. Wells Management will also be retained to manage and lease the Matsushita project upon completion of such project. Wells Management shall receive 4.5% of gross revenues of each of these buildings for property management and leasing services.

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

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

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

This section and other sections of the prospectus contain forward-looking

statements, within the meaning of Section 27A of the Securities Act of 1933 and 21E of the Securities Exchange Act of 1934,

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including discussion and analysis of the financial condition of the Wells REIT, anticipated capital expenditures required to complete certain projects, amounts of cash distributions anticipated to be distributed to shareholders in the future and certain other matters. Readers of this prospectus should be aware that there are various factors that could cause actual results to differ materially from any forward-looking statement made in this prospectus, which include changes in general economic conditions, changes in real estate conditions, construction costs which may exceed estimates, construction delays, increases in interest rates, lease-up risks, inability to obtain new tenants upon the expiration of existing leases, lack of availability of financing and the potential need to fund tenant improvements or other capital expenditures out of operating cash flow.

Liquidity and Capital Resources

We began active operations on June 5, 1998, when we received and accepted subscriptions for 125,000 shares. As of December 31, 1998, we had raised \$31,541,360 in offering proceeds through the sale of 3,154,136 shares. In addition, as of December 31, 1998, we had issued 5,122 shares pursuant to our dividend reinvestment plan. After we paid \$5,046,458 in acquisition and advisory fees and expenses, selling commissions and organizational and offering expenses, and \$18,442,540 in capital contributions to Wells OP for investment in joint ventures and acquisitions of real properties, as of December 31, 1998, we were holding net offering proceeds of approximately \$8,052,362 available for investment in additional properties. Between December 31, 1998 and _____, 1999, we have raised an additional \$_____ in offering proceeds through the sale of _____ shares and invested an additional \$_____ in real properties.

Our net cash used in operating activities was \$275,549 in 1998. Net cash used in investing activities of \$33,500,807 in 1998 is primarily the result of investments in the various joint ventures entered into by Wells OP for the acquisition of interests in real properties, direct investments in real properties and deferred project costs paid. This amount was offset by distributions we received from the joint ventures. We began paying dividends to shareholders in the third quarter of 1998. Net cash provided by financing activities of \$41,554,759 is the result of raising \$31,540,360 in 1998 in offering proceeds plus the proceeds received from a note receivable of \$14,059,930 reduced by aggregate commissions and organizational and offering expenses paid.

We paid dividends for the third and fourth quarters of 1998 from cash from operations and from distributions received from our equity investments in joint ventures. We anticipate that dividends will continue to be paid on a quarterly basis from such sources. We expect to meet liquidity requirements and budget demands through cash flow from operations.

We also expect to make additional investments in real properties, directly or through investments in joint ventures, from offering proceeds raised.

Results of Operations

Our results of operations for 1998 may not be compared to the results for 1997 because we had no real estate operations during 1997. We did not commence our initial public offering until January 30, 1998, and did not commence active operations until June 5, 1998. As a result, we did not acquire our first interest in a real property until June 24, 1998, the date on which we contributed \$1,421,466 to the Fund IX-X-XI-REIT Joint Venture. Therefore, the results for 1998 are not representative of results for future periods, which will contain increases in lease revenues, equity income, depreciation and

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general and administrative property expenses as our portfolio of properties increases and our revenues and expenses are spread over an entire year.

During the offering period, interest income is likely to be higher since we will invest funds in short-term investments while we are evaluating potential real estate acquisitions. Interest income will eventually decrease and will not be a significant component of revenues after the net offering proceeds are fully invested in real properties.

As of _____, 1999, we have invested funds in the Matsushita project which is under construction. During the construction period, we will not receive any rental income from this property nor will we receive interest income on the amounts we must pay to the developer as construction progresses. Therefore, if the number of construction projects represents a significant percentage of our investments during our initial acquisitions stages, net income will be adversely affected on a short-term basis. However, we believe that the return on investment on our construction projects will produce long-term returns that are in excess of returns on existing buildings.

Subsequent Events

The events described below all occurred subsequent to our fiscal year ended December 31, 1998.

We paid dividends to shareholders of \$.17 per share for the first quarter of 1999, \$.17 per share for the second quarter of 1999 and \$.17 per share for the third quarter of 1999.

On February 4, 1999, Wells OP purchased the Vanguard Cellular Building from an unaffiliated third-party for \$12,291,200. The property is located in Harrisburg, Pennsylvania and contains approximately 81,859 rentable square feet of office space. The tenant is an operating subsidiary of Vanguard Cellular Systems, Inc.

On March 5, 1999, Wells OP purchased the Matsushita property from an unaffiliated third-party for \$4,450,230. The property is located in Lake Forest, California and consisted of an 8.8 acre tract of land to be developed. As of _____, 1999, Wells OP had paid \$_____ in construction costs and the project was ____% complete. The project consists of the construction of an approximately 150,000 square foot office building. The tenant will be Matsushita Avionics Systems Corporation.

On May 18, 1999, Wells OP acquired a 62.30% equity percentage interest (as adjusted by the subsequent admission of Wells Fund XII to the joint venture) in the EYBL CarTex Building through a joint venture with Wells Fund XI. Wells OP made a capital contribution of \$3,591,828 to the joint venture for its share of the purchase price. The property is located in Fountain Inn, South Carolina and contains approximately 169,510 rentable square feet of office, manufacturing and cafeteria/training space. The tenant is EYBL CarTex, Inc.

On June 21, 1999, the Joint Venture Agreement between Wells OP and Wells Fund XI was amended and restated to admit Wells Fund XII as a joint venture partner. Wells OP contributed a total of \$9,138,038 to the joint venture for its 62.30% equity percentage interest. Wells Fund XI contributed a total of \$4,530,000 to the joint venture for its 30.88% equity percentage interest. Wells

Fund XII contributed \$1,000,000 to the joint venture in exchange for its 6.82% equity percentage interest.

On July 2, 1999, Wells OP acquired a 62.30% equity percentage interest in the Sprint Building through the above described joint venture with Wells Fund XI and Wells Fund XII. Wells OP made a capital contribution of \$5,546,210 to the joint venture for its share of the purchase price. The property is located in

Leawood, Kansas and contains approximately 68,900 rentable square feet of office space. The tenant is Sprint Communications Company L.P.

On _____, 1999, Wells OP acquired a 55% undivided tenancy-in-common interest in the Associates Building from Wells Development for \$_____. The property is located in Knoxville, Tennessee and an approximately 71,400 square feet office building was recently constructed. The major tenant is Associates Housing Finance, LLC.

Recent Accounting Pronouncements

Effective April 3, 1998, the American Institute of Certified Public Accountants issued Statement of Position (SOP) 98-5, "Reporting on the Costs of Start-Up Activities." SOP 98-5 is effective for fiscal years beginning after December 15, 1998, and initial application is required to be reported as a cumulative effect of change in accounting principle. This SOP provides guidance on the financial reporting of start-up costs and organization costs. It requires costs of start-up activities and organization costs to be expensed as incurred. Adoption of this Statement by the Wells REIT in the first quarter of 1999 may result in the write-off of certain capitalized organization costs. Adoption of this Statement is not expected to have a material impact on our results of operations and financial condition.

Inflation

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

Year 2000 Compliance

We began a full assessment of year 2000 compliance issues on our information systems and business operations in late 1997, and we completed the assessment during the first quarter of 1999. Renovations and replacements of equipment have been and are being made as warranted. We have not incurred any material costs so far for such renovations and replacements. Testing of our systems has been completed.

As to the status of our information technology systems, we presently believe that all major systems and software packages are year 2000 compliant. We have purchased the upgrade of the accounting and property management package system and it was installed at the end of the first quarter of 1999. At the present time, we believe that all major non-information technology systems are year 2000 compliant. We have not incurred any material costs to upgrade our non-compliant systems.

We confirmed the year 2000 readiness of our vendors, including third-party service providers such as banks. Based on the information we received, the primary third-party service providers with which we have relationships are year 2000 compliant.

We rely on computers and operating systems provided by equipment manufacturers, and also on application software designed for use with our accounting, property management and investment portfolio tracking. We have preliminarily determined that any costs, problems or uncertainties associated with the potential consequences of year 2000 issues are not expected to have a material impact on our future operations or financial condition. We will perform due diligence as to the year 2000 readiness of each property we own and each property we contemplate for purchase.

Our reliance on embedded computed systems (i.e., microcontrollers) is limited to facilities related matters, such as office security systems and environmental control systems.

We are currently formulating contingency plans to cover any areas of concern. Alternate means of operating the business are being developed in the unlikely circumstance that the computer and phone system are rendered inoperable. An off-site facility from which we could operate is being sought as well as alternate means of communication with key third-party vendors. A written plan is being developed for testing and dispensation to each staff member of our advisor.

We believe that our risk of year 2000 problems is minimal. In the unlikely event there is a problem, the worst case scenarios would include the risks that the elevator or security systems within our properties would fail or the key third-party vendors upon which we rely would be unable to provide accurate investor information. In the event that the elevator shuts down, we have devised a plan for each building whereby the tenants will use the stairs until the elevators are fixed. In the event that the security system shuts down, we have devised a plan for each building to hire temporary on-site security guards. In the event that a third-party vendor has year 2000 problems relating to investor information, we intend to perform a full system back-up of all investor information as of December 31, 1999 so that we will have accurate hard-copy investor information.

Prior Performance Summary

The information presented in this section represents the historical experience of real estate programs managed by the advisor and its affiliates. Investors in the Wells REIT should not assume that they will experience returns, if any, comparable to those experienced by investors in such prior real estate programs.

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

1. Wells Real Estate Fund I (1986)
2. Wells Real Estate Fund II (1988)
3. Wells Real Estate Fund II-OW (1988)
4. Wells Real Estate Fund III, L.P. (1990)
5. Wells Real Estate Fund IV, L.P. (1992)
6. Wells Real Estate Fund V, L.P. (1993)

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7. Wells Real Estate Fund VI, L.P. (1994)
8. Wells Real Estate Fund VII, L.P. (1995)
9. Wells Real Estate Fund VIII, L.P. (1996)
10. Wells Real Estate Fund IX, L.P. (1996)
11. Wells Real Estate Fund X, L.P. (1997)
12. Wells Real Estate Fund XI, L.P. (1998).

In addition to the foregoing real estate limited partnerships, the advisor and its affiliates are currently also sponsoring a public offering of 7,000,000 units on behalf of Wells Real Estate Fund XII, L.P., a public limited partnership. Wells Fund XII began its offering on March 22, 1999, and as of _____, 1999, Wells Fund XII had raised \$_____ from ____ investors.

The Prior Performance Tables included in the back of this prospectus set forth information as of the dates indicated regarding certain of these Wells programs as to (1) experience in raising and investing funds (Table I); (2) compensation to sponsor (Table II); and (3) annual operating results of prior programs (Table III). No information is given as to results of completed programs or sales or disposals of property because, to date, none of the Wells programs have sold any of their properties.

In addition to the real estate programs sponsored by the advisor and its affiliates discussed above, they are also sponsoring an index mutual fund which invests in various REIT stocks known as the Wells S&P REIT Index Fund (REIT Fund). The REIT Fund is a mutual fund which seeks to provide investment results corresponding to the performance of the S&P REIT Index by investing in the REIT stocks included in the S&P REIT Index. The REIT Fund began its offering on January 12, 1998, and as of _____, 1999, the REIT Fund had raised \$_____ from _____ investors.

Publicly Offered Unspecified Real Estate Programs

The advisor and its affiliates have previously sponsored the above listed 12 publicly offered real estate limited partnerships and are currently sponsoring Wells Fund XII offered on an unspecified property or "blind pool" basis. The total amount of funds raised from investors in the offerings of these 13 publicly offered limited partnerships, as of _____, 1999, was approximately \$_____, and the total number of investors in such programs was approximately _____.

The investment objectives of each of the other Wells programs are substantially identical to the investment objectives of the Wells REIT. All of the proceeds of the offerings of Wells Fund I, Wells Fund II, Wells Fund II-OW, Wells Fund III, Wells Fund IV, Wells Fund V, Wells Fund VI, Wells Fund VII, Wells Fund VIII, Wells Fund IX and Wells Fund X available for investment in real properties have been invested in properties. As of _____, 1999, approximately ___% of the proceeds of the offering of Wells Fund XI available for investment in real properties had been invested in properties. For the fiscal year ended December 31, 1998, approximately 75% of the aggregate gross rental income of the 12 publicly offered programs listed above was derived from tenants which are U.S. corporations, each of which has net worth of at least \$100,000,000 or whose lease obligations are guaranteed by another corporation with a net worth of at least \$100,000,000.

Because of the cyclical nature of the real estate market, decreases in net income of the public partnerships could occur at any time in the future when economic conditions decline. None of the

Wells programs has liquidated or sold any of its real properties to date and, accordingly, no assurance can be made that Wells programs will ultimately be successful in meeting their investment objectives. (See "Risk Factors.")

The aggregate dollar amount of the acquisition and development costs of the properties purchased by the previously sponsored Wells programs, as of December 31, 1998, was \$252,097,627 of which \$170,000 (or approximately .07%) had not yet been expended on the development of certain of the projects which are still under construction. Of the aggregate amount, approximately 73% was or will be spent on acquiring or developing office buildings, and approximately 27% was or will be spent on acquiring or developing shopping centers. Of the aggregate amount, approximately 6% was or will be spent on new properties, 49% on existing or used properties and 45% on construction properties. Following is a table showing a breakdown of the aggregate amount of the acquisition and development costs of the properties purchased by the Wells REIT and the 12 Wells programs listed above as of December 31, 1998:

Type of Property	New	Used	Construction
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Office Buildings	6%	41%	26%
Shopping Centers	0%	9%	18%

Wells Fund I terminated its offering on September 5, 1986, and received gross proceeds of \$35,321,000 representing subscriptions from 4,895 limited partners. \$24,679,000 of the gross proceeds were attributable to sales of Class A Units, and \$10,642,000 of the gross proceeds were attributable to sales of Class B Units. Limited partners in Wells Fund I have no right to change the status of their units from Class A to Class B or vice versa. Wells Fund I owns interests in the following properties:

- . a three story medical office building in Atlanta, Georgia;
- . two commercial office buildings in Atlanta, Georgia;
- . a shopping center in DeKalb County, Georgia having Kroger as the anchor tenant;
- . a shopping center in Knoxville, Tennessee;
- . a shopping center in Cherokee County, Georgia having Kroger as the anchor tenant; and
- . a project consisting of seven office buildings and a shopping center in Tucker, Georgia.

The prospectus of Wells Fund I provided that the properties purchased by Wells Fund I would typically be held for a period of eight to 12 years, but that the general partners may exercise their discretion as to whether and when to sell the properties owned by Wells Fund I and that the general partners were under no obligation to sell the properties at any particular time. Wells Fund I acquired its properties between 1985 and 1987, and has not yet liquidated or sold any of its properties. Further, the properties of Wells Fund I may not be sold for some time in the future.

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Wells Fund II and Wells Fund II-OW terminated their offerings on September 7, 1988, and received aggregate gross proceeds of \$36,870,250 representing subscriptions from 4,659 limited partners. \$28,829,000 of the gross proceeds were attributable to sales of Class A Units, and \$8,041,250 of the gross proceeds were attributable to sales of Class B Units. Limited partners in Wells Fund II and Wells Fund II-OW have no right to change the status of their units from Class A to Class B or vice versa. Wells Fund II and Wells Fund II-OW own all of their properties through a joint venture, which owns interests in the following properties:

- . a shopping center in Cherokee County, Georgia having Kroger as the anchor tenant;
- . a project consisting of seven office buildings and a shopping center in Tucker, Georgia;
- . a two story office building in Charlotte, North Carolina leased to First Union Bank;
- . a four story office building in Houston, Texas leased to The Boeing Company;
- . a restaurant property in Roswell, Georgia leased to Brookwood Grill of Roswell, Inc.; and
- . a combined retail and office development in Roswell, Georgia.

The prospectus of Wells Fund II and Wells Fund II-OW provided that the properties purchased by Wells Fund II and Wells Fund II-OW would typically be held for a period of eight to 12 years, but that the general partners may exercise their discretion as to whether and when to sell the properties owned by Wells Fund II and Wells Fund II-OW and that the partnerships were under no

obligation to sell their properties at any particular time. Wells Fund II and Wells Fund II-OW acquired their properties between 1987 and 1989, and have not yet liquidated or sold any of their properties. Further, the properties of Wells Fund II and Wells Fund II-OW may not be sold for some time in the future.

Wells Fund III terminated its offering on October 23, 1990, and received gross proceeds of \$22,206,310 representing subscriptions from 2,700 limited partners. \$19,661,770 of the gross proceeds were attributable to sales of Class A Units, and \$2,544,540 of the gross proceeds were attributable to sales of Class B Units. Limited partners in Wells Fund III have no right to change the status of their units from Class A to Class B or vice versa. Wells Fund III owns interests in the following properties:

- . a four story office building in Houston, Texas leased to The Boeing Company;
- . a restaurant property in Roswell, Georgia leased to Brookwood Grill of Roswell, Inc.;
- . a combined retail and office development in Roswell, Georgia;
- . a two story office building in Greenville, North Carolina leased to International Business Machines Corporation (IBM);
- . a shopping center in Stockbridge, Georgia having Kroger as the anchor tenant; and
- . a two story office building in Richmond, Virginia leased to General Electric.

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Wells Fund IV terminated its offering on February 29, 1992, and received gross proceeds of \$13,614,655 representing subscriptions from 1,286 limited partners. \$13,229,150 of the gross proceeds were attributable to sales of Class A Units, and \$385,505 of the gross proceeds were attributable to sales of Class B Units. Limited partners in Wells Fund IV have no right to change the status of their units from Class A to Class B or vice versa. Wells Fund IV owns interests in the following properties:

- . a shopping center in Stockbridge, Georgia having Kroger as the anchor tenant;
- . a four story office building in Jacksonville, Florida leased to IBM and Customized Transportation Inc. (CTI);
- . a two story office building in Richmond, Virginia leased to General Electric; and
- . two two story office buildings in Stockbridge, Georgia, a substantial portion of which is leased to Georgia Baptist Hospital.

Wells Fund V terminated its offering on March 3, 1993, and received gross proceeds of \$17,006,020 representing subscriptions from 1,667 limited partners. \$15,209,666 of the gross proceeds were attributable to sales of Class A Units, and \$1,796,354 of the gross proceeds were attributable to sales of Class B Units. Limited partners in Wells Fund V who purchased Class B Units are entitled to change the status of their units to Class A, but limited partners who purchased Class A Units are not entitled to change the status of their units to Class B. After taking into effect conversion elections made by limited partners subsequent to their subscription for units, as of December 31, 1998, \$15,590,210 of units of Wells Fund V were treated as Class A Units, and \$1,415,810 of units were treated as Class B Units. Wells Fund V owns interests in the following properties:

- . a four story office building in Jacksonville, Florida leased to IBM and CTI;

- . two two story office buildings in Stockbridge, Georgia, a substantial portion of which is leased to Georgia Baptist Hospital;
- . a four story office building in Hartford, Connecticut leased to Hartford Fire Insurance Company;
- . two restaurant properties in Stockbridge, Georgia leased to Apple Restaurants, Inc. and Glenn's Open Pit Bar-B-Que; and
- . a three story office building in Appleton, Wisconsin leased to Jaako Poyry Fluor Daniel.

Wells Fund V experienced an operating loss of \$18,089 in 1992 (at which time it only owned interests in the Jacksonville, Florida property which was under construction and the first office building in Stockbridge, Georgia which was under construction), recognized net income of \$354,999 in 1993 (at which time it had also acquired an interest in the Hartford, Connecticut property and the second office building in Stockbridge, Georgia was under construction), recognized net income of \$561,721 in 1994 (at which time it owned interests in all of the properties listed above for which it currently holds an ownership interest, with the exception that only one of the two restaurants had been developed on the

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tract of land in Stockbridge, Georgia), recognized net income of \$689,639 in 1995, recognized net income of \$505,650 in 1996 and recognized net income of \$559,801 in 1997.

Wells Fund VI terminated its offering on April 4, 1994, and received gross proceeds of \$25,000,000 representing subscriptions from 1,793 limited partners. \$19,332,176 of the gross proceeds were attributable to sales of Class A Units, and \$5,667,824 of the gross proceeds were attributable to sales of Class B Units. Limited partners in Wells Fund VI are entitled to change the status of their units from Class A to Class B and vice versa. After taking into effect conversion elections made by limited partners subsequent to their subscription for units, as of December 31, 1998, \$21,877,575 of units of Wells Fund VI were treated as Class A Units, and \$3,122,425 of units were treated as Class B Units. Wells Fund VI owns interests in the following properties:

- . a four story office building in Hartford, Connecticut leased to Hartford Fire Insurance Company;
- . two restaurant properties in Stockbridge, Georgia leased to Apple Restaurants, Inc. and Glenn's Open Pit Bar-B-Que;
- . a restaurant and retail building in Stockbridge, Georgia;
- . a shopping center in Stockbridge, Georgia;
- . a three story office building in Appleton, Wisconsin leased to Jaako Poyry Fluor Daniel;
- . a shopping center in Cherokee County, Georgia having Kroger as the anchor tenant;
- . a combined retail and office development in Roswell, Georgia;
- . a four story office building in Jacksonville, Florida leased to BellSouth Advertising and Publishing Corporation and American Express Travel Related Services Company, Inc.; and
- . a shopping center in Clemmons, North Carolina having Harris Teeter, Inc. as the anchor tenant.

Wells Fund VI recognized net income of \$31,428 in 1993 (at which time it

only owned an interest in the Hartford, Connecticut property), recognized net income of \$700,896 in 1994 (at which time it owned only interests in (1) the four story office building in Hartford, Connecticut; (2) the retail building and an undeveloped tract of land in Stockbridge, Georgia; and (3) the three story office building in Appleton, Wisconsin), recognized net income of \$901,828 in 1995 (at which time each of the following properties was under construction: (1) one of the retail buildings in Stockbridge, Georgia, (2) the combined retail and office development in Roswell, Georgia, (3) the office building in Jacksonville, Florida, and (4) the shopping center in Clemmons, North Carolina), recognized net income of \$589,053 in 1996, recognized net income of \$795,654 in 1997 and recognized net income of \$855,788 in 1998.

Wells Fund VII terminated its offering on January 5, 1995, and received gross proceeds of \$24,180,174 representing subscriptions from 1,910 limited partners. \$16,788,095 of the gross

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proceeds were attributable to sales of Class A Units, and \$7,392,079 of the gross proceeds were attributable to sales of Class B Units. Limited partners in Wells Fund VII are entitled to change the status of their units from Class A to Class B and vice versa. After taking into effect conversion elections made by limited partners subsequent to their subscriptions for units, as of December 31, 1998, \$20,095,174 of units in Wells Fund VII were treated as Class A Units, and \$4,085,000 of units were treated as Class B Units. Wells Fund VII owns interests in the following properties:

- . a three story office building in Appleton, Wisconsin leased to Jaako Poyry Fluor Daniel;
- . a restaurant and retail building in Stockbridge, Georgia;
- . a shopping center in Stockbridge, Georgia;
- . a shopping center in Cherokee County, Georgia having Kroger as the anchor tenant;
- . a combined retail and office development in Roswell, Georgia;
- . a two story office building in Alachua County, Florida near Gainesville leased to CH2M Hill, Engineers, Planners, Economists, Scientists;
- . a four story office building in Jacksonville, Florida leased to Bellsouth Advertising and Publishing Corporation and American Express Travel Related Services Company, Inc.;
- . a shopping center in Clemmons, North Carolina having Harris Teeter, Inc. as the anchor tenant; and
- . a retail development in Clayton County, Georgia.

Wells Fund VII recognized net income of \$203,263 in 1994 (at which time it only owned an interest in the three story office building in Appleton, Wisconsin and an undeveloped tract of land in Stockbridge, Georgia), recognized net income of \$804,043 in 1995 (at which time it only owned interests in the office building in Appleton, Wisconsin, the developments in Stockbridge, Georgia, the office building in Alachua County, Florida, the office building in Jacksonville, Florida, the tract of land in Clemmons, North Carolina, which was under construction, and the retail building in Stockbridge, Georgia, which was under construction), recognized net income of \$452,776 in 1996, recognized net income of \$733,149 in 1997 and recognized net income of \$754,334 in 1998.

Wells Fund VIII terminated its offering on January 4, 1996, and received gross proceeds of \$32,042,689 representing subscriptions from 2,241 limited partners. \$26,135,339 of the gross proceeds were attributable to sales of Class A Units, and \$5,907,350 were attributable to sales of Class B Units. Limited partners in Wells Fund VIII are entitled to change the status of their units

from Class A to Class B and vice versa. After taking into effect conversion elections made by limited partners subsequent to their subscriptions for units and certain repurchases made by Wells Fund VIII, as of December 31, 1998, \$26,745,845 of units in Wells Fund VIII were treated as Class A Units, and \$5,286,844 of units were treated as Class B Units. Wells Fund VIII owns interests in the following properties:

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- . a two story office building in Alachua County, Florida near Gainesville leased to CH2M Hill, Engineers, Planners, Economists, Scientists;
- . a four story office building in Jacksonville, Florida leased to Bellsouth Advertising and Publishing Corporation and American Express Travel Related Services Company, Inc.;
- . a shopping center in Clemmons, North Carolina having Harris Teeter, Inc. as the anchor tenant;
- . a retail development in Clayton County, Georgia;
- . a four story office building in Madison, Wisconsin leased to US Cellular, a subsidiary of Bellsouth Corporation;
- . a one story office building in Farmers Branch, Texas leased to TCI Valwood Limited Partnership I;
- . a two story office building in Orange County, California; and
- . a two story office building in Boulder County, Colorado leased to Cirrus Logic, Inc.

Wells Fund VIII recognized net income of \$273,914 in 1995 (at which time it only owned interests in the office building in Alachua County, Florida, the office building in Jacksonville, Florida, which was under construction, and the tract of land in Clemmons, North Carolina, which was under construction), recognized net income of \$936,590 in 1996, recognized net income of \$1,102,567 in 1997 and recognized net income of \$1,269,171 in 1998.

Wells Fund IX terminated its offering on December 30, 1996, and received gross proceeds of \$35,000,000 representing subscriptions from 2,098 limited partners. \$29,359,310 of the gross proceeds were attributable to sales of Class A Units, and \$5,640,690 were attributable to sales of Class B Units. After taking into effect conversion elections made by limited partners subsequent to their subscriptions for units, as of December 31, 1998, \$29,898,750 of units in Wells Fund IX were treated as Class A Units, and \$5,101,250 of units were treated as Class B Units. Wells Fund IX owns interests in the following properties:

- . a one story office building in Farmers Branch, Texas leased to TCI Valwood Limited Partnership I;
- . a four story office building in Madison, Wisconsin leased to US Cellular, a subsidiary of Bellsouth Corporation;
- . a two story office building in Orange County, California;
- . a two story office building in Boulder County, Colorado leased to Cirrus Logic, Inc.;
- . a two story office building in Boulder County, Colorado leased to Ohmeda, Inc.;
- . a three story office building in Knox County, Tennessee leased to ABB Environmental Systems;

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- . a one story office and warehouse building in Weber County, Utah leased to Iomega Corporation;
- . a three story office building in Boulder County, Colorado; and
- . a one story office building in Oklahoma City, Oklahoma leased to Lucent Technologies, Inc.

Wells Fund IX recognized net income of \$298,756 in 1996, recognized net income of \$1,091,766 in 1997 and recognized net income of \$1,449,955 in 1998.

Wells Fund X terminated its offering on December 30, 1997, and received gross proceeds of \$27,128,912 representing subscriptions from 1,806 limited partners. \$21,160,992 of the gross proceeds were contributable to sales of Class A Units, and \$5,967,920 were attributable to sales of Class B Units. After taking into effect conversion elections made by limited partners subsequent to their subscriptions for units as of December 31, 1998, \$21,258,042 of units in Wells Fund X were treated as Class A Units and \$5,870,870 of units were treated as Class B Units. Wells Fund X owns interests in the following properties:

- . a three story office building in Knox County, Tennessee leased to ABB Environmental Systems;
- . a two story office building in Boulder County, Colorado leased to Ohmeda, Inc.;
- . a one story office and warehouse building in Weber County, Utah leased to Iomega Corporation;
- . a three story office building in Boulder County, Colorado;
- . a one story office building in Oklahoma City, Oklahoma leased to Lucent Technologies, Inc.;
- . a one story office and warehouse building in Orange County, California leased to Cort Furniture Rental Corporation; and
- . a two story office and manufacturing building in Alameda County, California leased to Fairchild Technologies U.S.A., Inc.

Wells Fund X recognized net income of \$278,025 in 1997 and recognized net income of \$1,050,329 in 1998.

Wells Fund XI terminated its offering on December 30, 1998, and received gross proceeds of \$16,532,802 representing subscriptions from 1,345 limited partners. \$13,029,424 of the gross proceeds were attributable to sales of Class A Units and \$3,503,378 were attributable to sales of Class B Units. Wells Fund XI owns interests in the following properties:

- . a three story office building in Knox County, Tennessee leased to ABB Environmental Systems;

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- . a one story office building in Oklahoma City, Oklahoma leased to Lucent Technologies, Inc.;
- . a two story office building in Boulder County, Colorado leased to Ohmeda, Inc.;
- . a three story office building in Boulder County, Colorado;
- . a one story office and warehouse building in Weber County, Utah leased to Iomega Corporation;

- . a one story office and warehouse building in Orange County, California leased to Cort Furniture Rental Corporation;
- . a two story office and manufacturing building in Alameda County, California leased to Fairchild Technologies U.S.A., Inc.;
- . a two story manufacturing and office building in Greenville County, South Carolina leased to EYBL CarTex, Inc.; and
- . a three story office building in Johnson County, Kansas leased to Sprint Communications Company L.P.

Wells Fund XI recognized net income of \$143,295 in 1998.

Wells Fund XII began its offering on March 22, 1999. As of _____, 1999, Wells Fund XII had received gross proceeds of \$_____ representing subscriptions from _____ limited partners. \$_____ of the gross proceeds were attributable to sales of cash preferred units and \$_____ were attributable to sales of tax preferred units. Wells Fund XII owns interests in the following properties:

- . a two story manufacturing and office building in Greenville County, South Carolina leased to EYBL CarTex, Inc.; and
- . a three story office building In Johnson County, Kansas leased to Sprint Communications Company L.P.

The information set forth above should not be considered indicative of results to be expected from the partnership.

The foregoing properties in which the above 13 limited partnerships have invested have all been acquired and developed on an all cash basis.

Leo F. Wells, III and Wells Partners, L.P. are the general partners of Wells Fund IV, Wells Fund V, Wells Fund VI, Wells Fund VII, Wells Fund VIII, Wells Fund IX, Wells Fund X, Wells Fund XI and Wells Fund XII. Wells Capital, which is the general partner of Wells Partners, L.P., and Leo F. Wells, III are the general partners of Wells Fund I, Wells Fund II, Wells Fund II-OW and Wells Fund III.

Potential investors are encouraged to examine the Prior Performance Tables included in the back of the prospectus for more detailed information regarding the prior experience of the sponsors. In addition, upon request, prospective investors may obtain from us without charge copies of offering materials and any reports prepared in connection with any of the Wells programs, including a copy of the most recent Annual Report on Form 10-K filed with the Securities and Exchange Commission. For a reasonable fee, we will also furnish upon request copies of the exhibits to any such Form 10-K. Any such request should be directed to our secretary. Additionally, Table VI contained in Part II of the registration statement, which is not part of this prospectus, gives certain additional information relating to properties acquired by the Wells programs. We will furnish, without charge, copies of such table upon request.

Federal Income Tax Considerations

General

The following is a summary of material federal income tax considerations associated with an investment in the shares. This summary does not address all possible tax considerations that may be material to an investor and does not constitute tax advice. Moreover, this summary does not deal with all tax aspects that might be relevant to you, as a prospective shareholder, in light of your personal circumstances; nor does it deal with particular types of shareholders that are subject to special treatment under the Code, such as insurance companies, tax-exempt organizations, financial institutions or broker-dealers,

or foreign corporations or persons who are not citizens or residents of the United States ("Non-US Shareholders"). The Internal Revenue Code provisions governing the federal income tax treatment of REITs are highly technical and complex, and this summary is qualified in its entirety by the express language of applicable Internal Revenue Code provisions, Treasury Regulations promulgated thereunder and administrative and judicial interpretations thereof.

We urge you, as a prospective investor, to consult your own tax adviser regarding the specific tax consequences to you of a purchase of shares, ownership and sale of the shares and of our election to be taxed as a REIT, including the federal, state, local, foreign and other tax consequences of such purchase, ownership, sale and election.

Opinion of Counsel

Holland & Knight LLP has acted as our counsel, has reviewed this summary and is of the opinion that it fairly summarizes the federal income tax considerations addressed that are material to a holder of shares. It is also the opinion of our counsel that, commencing with our taxable year ended December 31, 1998, we qualified to be taxed as a REIT under the Internal Revenue Code, provided that we have operated and will continue to operate in accordance with our articles of incorporation, bylaws and the various assumptions and factual representations we made to counsel concerning our business, properties and operations. It must be emphasized that Holland & Knight LLP's opinion is based on various assumptions and is conditioned upon the assumptions and representations we made concerning our business and properties. Moreover, our qualification for taxation as a REIT depends on our ability to meet the various qualification tests imposed under the Code discussed below, the results of which will not be reviewed by Holland & Knight LLP. Accordingly, we cannot assure you that the actual results of our operations for any one taxable year will satisfy these requirements. See "Risk Factors --Failure to Qualify as a REIT."

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The statements made in this section of the prospectus and in the opinion of Holland & Knight LLP are based upon existing law and Treasury Regulations, as currently applicable, currently published administrative positions of the Internal Revenue Service and judicial decisions, all of which are subject to change, either prospectively or retroactively. We cannot assure you that any changes will not modify the conclusions expressed in counsel's opinion. Moreover, an opinion of counsel is not binding on the Internal Revenue Service and we cannot assure you that the Internal Revenue Service will not successfully challenge our status as a REIT.

Taxation of the Company

If we qualify for taxation as a REIT, we generally will not be subject to federal corporate income taxes on that portion of our ordinary income or capital gain that we distribute currently to our shareholders, because the REIT provisions of the Internal Revenue Code generally allow a REIT to deduct distributions paid to its shareholders. This substantially eliminates the federal "double taxation" on earnings (taxation at both the corporate level and shareholder level) that usually results from an investment in a corporation.

Even if we qualify for taxation as a REIT, however, we will be subject to federal income taxation as follows:

- . we will be taxed at regular corporate rates on our undistributed REIT taxable income, including undistributed net capital gains;
- . under some circumstances, we will be subject to "alternative minimum tax";
- . if we have net income from the sale or other disposition of "foreclosure property" that is held primarily for sale to customers in the ordinary course of business or other non-qualifying income from foreclosure property, we will be subject to tax at the highest corporate rate on

that income;

- . if we have net income from prohibited transactions (which are, in general, sales or other dispositions of property other than foreclosure property held primarily for sale to customers in the ordinary course of business), the income will be subject to a 100% tax;
- . if we fail to satisfy either of the 75% or 95% gross income tests (discussed below) but have nonetheless maintained our qualification as a REIT because certain conditions have been met, we will be subject to a 100% tax on an amount equal to the greater of the amount by which we fail the 75% or 95% test multiplied by a fraction calculated to reflect our profitability;
- . if we fail to distribute during each year at least the sum of (i) 85% of our REIT ordinary income for the year, (ii) 95% of our REIT capital gain net income for such year and (iii) any undistributed taxable income from prior periods, we will be subject to a 4% excise tax on the excess of the required distribution over the amounts actually distributed; and

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- . if we acquire any asset from a C corporation (i.e., a corporation generally subject to corporate-level tax) in a carryover-basis transaction and we subsequently recognize gain on the disposition of the asset during the ten year period beginning on the date on which we acquired the asset, then a portion of the gains may be subject to tax at the highest regular corporate rate, pursuant to guidelines issued by the Internal Revenue Service (the "Built-In-Gain Rules").

Requirements for Qualification as a REIT

We elected to be taxable as a REIT for our taxable year ended December 31, 1998. In order for us to qualify as a REIT, however, we had to meet and we must continue to meet the requirements discussed below relating to our organization, sources of income, nature of assets and distributions of income to our shareholders.

Organizational Requirements

In order to qualify for taxation as a REIT under the Internal Revenue Code, we must:

- . be a domestic corporation;
- . elect to be taxed as a REIT and satisfy relevant filing and other administrative requirements;
- . be managed by one or more trustees or directors;
- . have transferable shares;
- . not be a financial institution or an insurance company;
- . use a calendar year for federal income tax purposes;
- . have at least 100 shareholders for at least 335 days of each taxable year of 12 months; and
- . not be closely held.

As a Maryland corporation, we satisfy the first requirement, and we have filed an election to be taxed as a REIT with the IRS. In addition, we are managed by a board of directors, we have transferable shares and we do not intend to operate as a financial institution or insurance company. We utilize the calendar year for federal income tax purposes, and we have more than 100

shareholders. We will be closely held only if five or fewer individuals or certain tax-exempt entities own, directly or indirectly, more than 50% (by value) of our shares at any time during the last half of our taxable year. For purposes of the closely-held test, the Internal Revenue Code generally permits a look-through for pension funds and certain other tax-exempt entities to the beneficiaries of the entity to determine if the REIT is closely held.

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We are authorized to refuse to transfer our shares to any person if the sale or transfer would jeopardize our ability to satisfy the REIT ownership requirements. There can be no assurance that a refusal to transfer will be effective, however, based on the foregoing, we should satisfy the organizational requirements, including the share ownership requirements, currently. Notwithstanding compliance with the share ownership requirements outlined above, tax-exempt shareholders may be required to treat all or a portion of their distributions from us as "unrelated business taxable income" if tax-exempt shareholders, in the aggregate, exceed certain ownership thresholds set forth in the Internal Revenue Code. (See "Taxation of Tax Exempt Shareholders.")

Ownership of Interests in Partnerships and Qualified REIT Subsidiaries

In the case of a REIT that is a partner in a partnership, Treasury Regulations provide that the REIT is deemed to own its proportionate share, based on its interest in partnership capital, of the assets of the partnership and is deemed to have earned its allocable share of partnership income. Also, if a REIT owns a qualified REIT subsidiary, which is defined as a corporation wholly-owned by a REIT, the REIT will be deemed to own all of the subsidiary's assets and liabilities and it will be deemed to be entitled to treat the income of that subsidiary as its own. In addition, the character of the assets and gross income of the partnership or qualified REIT subsidiary shall retain the same character in the hands of the REIT for purposes of satisfying the gross income tests and asset tests set forth in the Internal Revenue Code.

Operational Requirements - Gross Income Tests

To maintain our qualification as a REIT, we must satisfy annually two gross income requirements.

- . At least 75% of our gross income, excluding gross income from prohibited transactions, for each taxable year must be derived directly or indirectly from investments relating to real property or mortgages on real property. Gross income includes "rents from real property" and, in some circumstances, interest, but excludes gross income from dispositions of property held primarily for sale to customers in the ordinary course of a trade or business. Such dispositions are referred to as "prohibited transactions." This is the 75% Income Test.
- . At least 95% of our gross income, excluding gross income from prohibited transactions, for each taxable year must be derived from the real property investments described above and from distributions, interest and gains from the sale or disposition of stock or securities or from any combination of the foregoing. This is the 95% Income Test.
- . The rents we receive or that we are deemed to receive qualify as "rents from real property" for purposes of satisfying the gross income requirements for a REIT only if the following conditions are met:
 - . the amount of rent received from a tenant generally must not be based in whole or in part on the income or profits of any person, however, an amount received or accrued generally will not be excluded from the term "rents from real

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property" solely by reason of being based on a fixed percentage

or percentages of gross receipts or sales;

- . rents received from a tenant will not qualify as "rents from real property" if an owner of 10% or more of the REIT directly or constructively owns 10% or more of the tenant (a "Related Party Tenant") or a subtenant of the tenant (in which case only rent attributable to the subtenant is disqualified);
- . if rent attributable to personal property leased in connection with a lease of real property is greater than 15% of the total rent received under the lease, then the portion of rent attributable to the personal property will not qualify as "rents from real property"; and
- . the REIT must not operate or manage the property or furnish or render services to tenants, other than through an "independent contractor" who is adequately compensated and from whom the REIT does not derive any income. However, a REIT may provide services with respect to its properties, and the income derived therefrom will qualify as "rents from real property," if the services are "usually or customarily rendered" in connection with the rental of space only and are not otherwise considered "rendered to the occupant." Even if the services with respect to a property are impermissible tenant services, the income derived therefrom will qualify as "rents from real property" if such income does not exceed one percent of all amounts received or accrued with respect to that property.

If we acquire ownership of property by reason of the default of a borrower on a loan or possession of property by reason of a tenant default, if the property qualifies and we elect to treat it as foreclosure property, the income from the property will qualify under the 75% Income Test and the 95% Income Test notwithstanding its failure to satisfy these requirements for three years, or if extended for good cause, up to a total of six years. In that event, we must satisfy a number of complex rules, one of which is a requirement that we operate the property through an independent contractor. We will be subject to tax on that portion of our net income from foreclosure property that does not otherwise qualify under the 75% Income Test.

Prior to the making of investments in properties, we may satisfy the 75% Income Test and the 95% Income Test by investing in liquid assets such as government securities or certificates of deposit, but earnings from those types of assets are qualifying income under the 75% Income Test only for one year from the receipt of proceeds. Accordingly, to the extent that offering proceeds have not been invested in properties prior to the expiration of this one year period, in order to satisfy the 75% Income Test, we may invest the offering proceeds in less liquid investments such as mortgage-backed securities, maturing mortgage loans purchased from mortgage lenders or shares in other REITs. We expect to receive proceeds from the offering in a series of closings and to trace those proceeds for purposes of determining the one year period for "new capital investments." No rulings or regulations have been issued under the provisions of the Internal Revenue Code governing "new capital investments," however, so that there can be no assurance that the Internal Revenue Service will agree with this method of calculation.

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Except for amounts received with respect to certain investments of cash reserves, we anticipate that substantially all of our gross income will be from sources that will allow us to satisfy the income tests described above; however, there can be no assurance given in this regard. If we fail to satisfy one or both of the 75% Income and the 95% Income Tests for any taxable year, we may still qualify as a REIT for that year if we are eligible for relief under specific provisions of the Internal Revenue Code. These relief provisions generally will be available if:

- . our failure to meet these tests was due to reasonable cause and not due

to willful neglect;

- . we attach a schedule of our income sources to our federal income tax return; and
- . any incorrect information on the schedule is not due to fraud with intent to evade tax.

It is not possible, however, to state whether, in all circumstances, we would be entitled to the benefit of these relief provisions. For example, if we fail to satisfy the gross income tests because nonqualifying income that we intentionally earn exceeds the limits on this income, the Internal Revenue Service could conclude that our failure to satisfy the tests was not due to reasonable cause. As discussed above in "Taxation of the Company," even if these relief provisions apply, a tax would be imposed with respect to the excess net income.

Operational Requirements - Asset Tests

At the close of each quarter of our taxable year, we also must satisfy three tests relating to the nature and diversification of our assets.

First, at least 75% of the value of our total assets must be represented by real estate assets, cash, cash items and government securities. The term "real estate assets" includes real property, mortgages on real property, shares in other qualified REITs and a proportionate share of any real estate assets owned by a partnership in which we are a partner or of any qualified REIT subsidiary of ours.

- . Second, no more than 25% of our total assets may be represented by securities other than those in the 75% asset class.
- . Third, of the investments included in the 25% asset class, the value of any one issuer's securities that we own may not exceed 5% of the value of our total assets. Additionally, we may not own more than 10% of any one issuer's outstanding voting securities.

The 5% test must generally be met for any quarter in which we acquire securities. After initially meeting the asset tests at the close of any quarter, we will not lose our status as a REIT for our failure to satisfy the asset tests at the end of a later quarter which occurs solely by reason of changes in asset values. Further, if our failure to satisfy the asset tests results from an acquisition of securities or other property during a quarter, we can cure the failure by disposing of a sufficient amount of nonqualifying assets within 30 days after the close of that quarter. We maintain, and will continue to maintain, adequate records of the value of our assets to ensure compliance with the asset tests and will take other action within 30 days after the close of any quarter as may be required to cure any noncompliance.

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Operational Requirements -- Annual Distribution Requirement

In order to be taxed as a REIT, we are required to make distributions, other than capital gain distributions, to our shareholders. The amount of these distributions must be equal to at least 95% of our REIT taxable income (computed without regard to the distributions-paid deduction and our capital gain and subject to certain other potential adjustments).

We must generally pay distributions in the taxable year to which they relate. Alternatively, however, distributions may be made in the following taxable year if (1) they are declared before we timely file our federal income tax return for the taxable year in question and if (2) they are paid on or before the first regular distribution payment after the declaration.

Even if we satisfy the foregoing distribution requirement and, accordingly, continue to qualify as a REIT for tax purposes, we will still be subject to tax

on the excess of our net capital gain and our REIT taxable income, as adjusted, over amounts distributed to shareholders.

In addition, if we fail to distribute during each calendar year at least the sum of:

- . 85% of our ordinary income for that year;
- . 95% of our capital gain net income other than the capital gain net income which we elect to retain and pay tax on for that year; and
- . any undistributed taxable income from prior periods,

we will be subject to a 4% excise tax on the excess of the amount of such required distributions over amounts actually distributed during such year.

We intend to make timely distributions sufficient to satisfy this requirement; however, it is possible that we may experience timing differences between (1) the actual receipt of income and payment of deductible expenses, and (2) the inclusion of that income. It is also possible that we may be allocated a share of net capital gain attributable to the sale of depreciated property that exceeds our allocable share of cash attributable to that sale.

In such circumstances, we may have less cash than is necessary to meet our annual distribution requirement or to avoid income or excise taxation on certain undistributed income. We may find it necessary in such circumstances to arrange for financing or raise funds through the issuance of additional shares in order to meet our distribution requirements, or we may pay taxable stock distributions to meet the distribution requirement.

If we fail to satisfy the distribution requirement for any taxable year, we may be able to pay "deficiency dividends" in a later year and include such distributions in our deductions for dividends paid for the earlier year. In such event, we may be able to avoid being taxed on amounts distributed as deficiency dividends, but we would be required in such circumstances to pay interest to the Internal Revenue Service based upon the amount of any deduction taken for deficiency dividends for the earlier year.

As noted above, we may also elect to retain, rather than distribute our net long-term capital gains. The effect of such an election would be as follows:

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- . we would be required to pay the tax on these gains;
- . shareholders, while required to include their proportionate share of the undistributed long-term capital gains in income, would receive a credit or refund for their share of the tax paid by the REIT; and
- . the basis of a shareholder's shares would be increased by the amount of our undistributed long-term capital gains (minus the amount of capital gains tax we pay) included in the shareholder's long-term capital gains.

In computing our REIT taxable income, we will use the accrual method of accounting and depreciate depreciable property under the alternative depreciation system. We are required to file an annual federal income tax return, which, like other corporate returns, is subject to examination by the Internal Revenue Service. Because the tax law requires us to make many judgments regarding the proper treatment of a transaction or an item of income or deduction, it is possible that the Internal Revenue Service will challenge positions we take in computing our REIT taxable income and our distributions. Issues could arise, for example, with respect to the allocation of the purchase price of properties between depreciable or amortizable assets and nondepreciable or non-amortizable assets such as land and the current deductibility of fees paid to Wells Capital or its affiliates. Were the Internal Revenue Service to challenge successfully our characterization of a transaction or determination of

our REIT taxable income, we could be found not to have satisfied a requirement for qualification as a REIT and mitigation provisions might not apply. (See "Sale-Leaseback Transactions.") If, as a result of a challenge, we are determined not to have satisfied the distribution requirements for a taxable year, we would be disqualified as a REIT, unless we were permitted to pay a deficiency distribution to our shareholders and pay interest thereon to the Internal Revenue Service, as provided by the Internal Revenue Code. A deficiency distribution cannot be used to satisfy the distribution requirement, however, if the failure to meet the requirement is not due to a later adjustment to our income by the Internal Revenue Service.

Operational Requirements - Recordkeeping

In order to continue to qualify as a REIT, we must maintain certain records as set forth in applicable Treasury Regulations. Further, we must request, on an annual basis, certain information designed to disclose the ownership of our outstanding shares. We intend to comply with such requirements.

Failure to Qualify as a REIT

If we fail to qualify as a REIT for any reason in a taxable year and applicable relief provisions do not apply, we will be subject to tax (including any applicable alternative minimum tax) on our taxable income at regular corporate rates. We will not be able to deduct distributions to our shareholders in any year in which we fail to qualify as a REIT. We also will be disqualified for the four taxable years following the year during which qualification was lost unless we are entitled to relief under specific statutory provisions. (See "Risk Factors -- Federal Income Tax Risks")

Sale-Leaseback Transactions

Many of our investments are and will be in the form of sale-leaseback transactions. In most instances, depending on the economic terms of the transaction, we will be treated for federal income tax purposes as either the owner of the property or the holder of a debt secured by the property. We do not expect to request an opinion of counsel concerning the status of any leases of properties as true leases for federal income tax purposes.

The Internal Revenue Service may take the position that specific sale-leaseback transactions we will treat as true leases are not true leases for federal income tax purposes but are, instead, financing arrangements or loans. We may also structure some sale-leaseback transactions as loans. In this event, for purposes of the asset tests and the 75% Income Test, each such loan likely would be viewed as secured by real property to the extent of the fair market value of the underlying property. It is expected that, for this purpose, the fair market value of the underlying property would be determined without taking into account our lease. If a sale-leaseback transaction were so recharacterized, we might fail to satisfy the asset tests or the Income Tests and consequently lose our REIT status effective with the year of recharacterization. Alternatively, the amount of our REIT taxable income could be recalculated which could also cause us to fail to meet the distribution requirement for a taxable year.

Taxation of U.S. Shareholders

Definition

In this section, the phrase "U.S. shareholder" means a holder of shares that for federal income tax purposes:

- . is a citizen or resident of the United States;
- . is a corporation, partnership or other entity created or organized in or under the laws of the United States or of any political subdivision thereof;

- . is an estate or trust, the income of which is subject to U.S. federal income taxation regardless of its source; or
- . a trust if a U.S. court is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust.

For any taxable year for which we qualify for taxation as a REIT, amounts distributed to taxable U.S. shareholders will be taxed as described below.

Distributions Generally

Distributions to U.S. shareholders, other than capital gain distributions discussed below, will constitute dividends up to the amount of our current or accumulated earnings and profits and will be taxable to the shareholders as ordinary income. These distributions are not eligible for the dividends received deduction generally available to corporations. To the extent that we make a distribution in excess of our current or accumulated earnings and profits, the distribution will be treated first as a tax-free return of capital, reducing the tax basis in each U.S. shareholder's shares, and the amount of each

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distribution in excess of a U.S. shareholder's tax basis in its shares will be taxable as gain realized from the sale of its shares. Distributions that we declare in October, November or December of any year payable to a shareholder of record on a specified date in any of these months will be treated as both paid by us and received by the shareholder on December 31 of the year, provided that we actually pay the distribution during January of the following calendar year. U.S. shareholders may not include any of our losses on their own federal income tax returns.

We will be treated as having sufficient earnings and profits to treat as a dividend any distribution by us up to the amount required to be distributed in order to avoid imposition of the 4% excise tax discussed above. Moreover, any "deficiency distribution" will be treated as an ordinary or capital gain distribution, as the case may be, regardless of our earnings and profits. As a result, shareholders may be required to treat some distributions that would otherwise result in a tax-free return of capital as taxable.

Capital Gain Distributions

Distributions to U.S. shareholders that we properly designate as capital gain distributions will be treated as long-term capital gains, to the extent they do not exceed our actual net capital gain, for the taxable year without regard to the period for which the U.S. shareholder has held his stock.

Passive Activity Loss and Investment Interest Limitations

Our distributions and any gain you realize from a disposition of shares will not be treated as passive activity income, and shareholders may not be able to utilize any of their "passive losses" to offset this income in their personal tax returns. Our distributions (to the extent they do not constitute a return of capital) will generally be treated as investment income for purposes of the limitations on the deduction of investment interest. Net capital gain from a disposition of shares and capital gain distributions generally will be included in investment income for purposes of the investment interest deduction limitations only if, and to the extent, you so elect, in which case any such capital gains will be taxed as ordinary income.

Certain Dispositions of the Shares

In general, any gain or loss realized upon a taxable disposition of shares by a U.S. shareholder who is not a dealer in securities will be treated as long-term capital gain or loss if the shares have been held for more than 12 months and as short-term capital gain or loss if the shares have been held for 12

months or less. If, however, a U.S. shareholder has received any capital gains distributions with respect to his shares, any loss realized upon a taxable disposition of shares held for six months or less, to the extent of the capital gains distributions received with respect to his shares, will be treated as long-term capital loss. Also, the Internal Revenue Service is authorized to issue Treasury Regulations that would subject a portion of the capital gain a U.S. shareholder recognizes from selling his shares or from a capital gain distribution to a tax at a 25% rate, to the extent the capital gain is attributable to depreciation previously deducted.

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Information Reporting Requirements and Backup Withholding for U.S. Shareholders

Under some circumstances, U.S. shareholders may be subject to backup withholding at a rate of 31% on payments made with respect to, or cash proceeds of a sale or exchange of, our shares. Backup withholding will apply only if the shareholder:

- . fails to furnish his or her taxpayer identification number (which, for an individual, would be his or her Social Security Number);
- . furnishes an incorrect tax identification number;
- . is notified by the Internal Revenue Service that he or she has failed properly to report payments of interest and distributions or is otherwise subject to backup withholding; or
- . under some circumstances, fails to certify, under penalties of perjury, that he or she has furnished a correct tax identification number and that (a) he or she has not been notified by the Internal Revenue Service that he or she is subject to backup withholding for failure to report interest and distribution payments or (b) he or she has been notified by the Internal Revenue Service that he or she is no longer subject to backup withholding.

Backup withholding will not apply with respect to payments made to some shareholders, such as corporations and tax-exempt organizations. Backup withholding is not an additional tax. Rather, the amount of any backup withholding with respect to a payment to a U.S. shareholder will be allowed as a credit against the U.S. shareholder's U.S. federal income tax liability and may entitle the U.S. shareholder to a refund, provided that the required information is furnished to the Internal Revenue Service. U.S. shareholders should consult their own tax advisors regarding their qualifications for exemption from backup withholding and the procedure for obtaining an exemption.

Treatment of Tax-Exempt Shareholders

Tax-exempt entities such as employee pension benefit trusts, individual retirement accounts, charitable remainder trusts, etc. generally are exempt from federal income taxation. Such entities are subject to taxation, however, on any "unrelated business taxable income," as defined in the Internal Revenue Code. Our distributions to a tax-exempt employee pension benefit trust or other domestic tax-exempt shareholder generally will not constitute unrelated business taxable income unless any such shareholder has borrowed to acquire or carry its shares.

Qualified employee pension benefit trusts that hold more than 10% (by value) of the shares of a REIT which is held predominantly by such trusts, however, may be required to treat a certain percentage of the REIT's distributions as unrelated business taxable income. We do not expect to be held predominantly by such trusts and our articles of incorporation prohibit the concentration of ownership required under the Internal Revenue Code to trigger taxability.

For social clubs, voluntary employee benefit associations, supplemental unemployment benefit trusts and qualified group legal services plans exempt from

federal income taxation under Sections 501(c)(7), (c)(9), (c)(17) and (c)(20) of the Internal Revenue Code, respectively, income from an investment in our shares will constitute unrelated business taxable income unless the shareholder in question is able to deduct amounts "set aside" or placed in reserve for certain purposes so as to offset

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the unrelated business taxable income generated. Prospective tax-exempt shareholders should consult their own tax advisors concerning these "set aside" and reserve requirements.

Special Tax Considerations for Non-U.S. Shareholders

The rules governing U.S. income taxation of non-resident alien individuals, foreign corporations, foreign partnerships and foreign trusts and estates (collectively, "Non-U.S. shareholders") are complex. The following discussion is intended only as a summary of these rules. Non-U.S. investors should consult with their own tax advisors to determine the impact of federal, state and local income tax laws on an investment in our shares, including any reporting requirements.

Income Effectively Connected With a U.S. Trade or Business

In general, Non-U.S. shareholders will be subject to regular U.S. federal income taxation with respect to their investment in our shares if the income derived therefrom is "effectively connected" with the Non-U.S. shareholder's conduct of a trade or business in the United States. A corporate Non-U.S. shareholder that receives income that is (or is treated as) effectively connected with a U.S. trade or business also may be subject to a branch profits tax under Section 884 of the Internal Revenue Code, which is payable in addition to the regular U.S. federal corporate income tax.

The following discussion will apply to Non-U.S. shareholders whose income derived from ownership of our shares is deemed to be not effectively connected with a U.S. trade or business.

Distributions Not Attributable to Gain From the Sale or Exchange of a United States Real Property Interest

A distribution to a Non-U.S. shareholder that is not attributable to gain realized by us from the sale or exchange of a United States real property interest and that we do not designate as a capital gain distribution will be treated as an ordinary income distribution to the extent that it is made out of current or accumulated earnings and profits. Generally, any ordinary income distribution will be subject to a U.S. federal income tax equal to 30% of the gross amount of the distribution unless this tax is reduced by the provisions of an applicable tax treaty. Any such distribution in excess of our earnings and profits will be treated first as a return of capital that will reduce each Non-U.S. shareholder's basis in its shares (but not below zero) and then as gain from the disposition of those shares, the tax treatment of which is described under the rules discussed below with respect to dispositions of shares.

Distributions Attributable to Gain From the Sale or Exchange of a United States Real Property Interest

Distributions to a Non-U.S. shareholder that are attributable to gain from the sale or exchange of a United States real property interest will be taxed to a Non-U.S. shareholder under Internal Revenue Code provisions enacted by the Foreign Investment in Real Property Tax Act of 1980 ("FIRPTA"). Under FIRPTA, such distributions are taxed to a Non-U.S. shareholder as if the distributions were gains "effectively connected" with a U.S. trade or business. Accordingly, a Non-U.S. shareholder will be taxed at the normal capital gain rates applicable to a U.S. shareholder (subject to any applicable alternative minimum tax and a special alternative minimum tax in the case of non-resident alien individuals). Distributions subject to FIRPTA also may be subject to a 30% branch profits tax when made to a corporate Non-U.S. shareholder that is not entitled to a treaty

exemption.

Withholding Obligations With Respect to Distributions to Non-U.S. Shareholders

Although tax treaties may reduce our withholding obligations, we generally will be required to withhold from distributions to Non-U.S. shareholders, and remit to the Internal Revenue Service:

- . 35% of designated capital gain distributions or, if greater, 35% of the amount of any distributions that could be designated as capital gain distributions; and
- . 30% of ordinary income distributions (i.e., distributions paid out of our earnings and profits).

In addition, if we designate prior distributions as capital gain distributions, subsequent distributions, up to the amount of the prior distributions, will be treated as capital gain distributions for purposes of withholding. A distribution in excess of our earnings and profits will be subject to 30% withholding if at the time of the distribution it cannot be determined whether the distribution will be in an amount in excess of our current or accumulated earnings and profits. If the amount of tax we withhold with respect to a distribution to a Non-U.S. shareholder exceeds the shareholder's U.S. tax liability with respect to that distribution, the Non-U.S. shareholder may file for a refund of the excess.

Sale of Our Shares by a Non-U.S. Shareholder

A sale of our shares by a Non-U.S. shareholder will generally not be subject to U.S. federal income taxation unless our shares constitute a "United States real property interest" within the meaning of FIRPTA. Our shares will not constitute a United States real property interest if we are a "domestically controlled REIT." A "domestically controlled REIT" is a REIT that at all times during a specified testing period has less than 50% in value of its shares held directly or indirectly by Non-U.S. shareholders. We currently anticipate that we will be a domestically controlled REIT. Therefore, sales of our shares should not be subject to taxation under FIRPTA. However, we cannot assure you that we will continue to be a domestically controlled REIT. If we were not a domestically controlled REIT, whether a Non-U.S. shareholder's sale of our shares would be subject to tax under FIRPTA as a sale of a United States real property interest would depend on whether our shares were "regularly traded" on an established securities market and on the size of the selling shareholder's interest in us. Our shares currently are not "regularly traded" on an established securities market.

If the gain on the sale of shares were subject to taxation under FIRPTA, a Non-U.S. shareholder would be subject to the same treatment as a U.S. shareholder with respect to the gain, subject to any applicable alternative minimum tax and a special alternative minimum tax in the case of non-resident alien individuals. In addition, distributions that are treated as gain from the disposition of shares and are subject to tax under FIRPTA also may be subject to a 30% branch profits tax when made to a corporate Non-U.S. shareholder that is not entitled to a treaty exemption. Under FIRPTA, the purchaser of our shares may be required to withhold 10% of the purchase price and remit this amount to the Internal Revenue Service.

Even if not subject to FIRPTA, capital gains will be taxable to a Non-U.S. shareholder if the Non-U.S. shareholder is a non-resident alien individual who is present in the United States for 183 days or more during the taxable year and some other conditions apply, in which case the non-resident alien individual will be subject to a 30% tax on his or her U.S. source capital gains.

Recently promulgated Treasury Regulations may alter the procedures for claiming the benefits of an income tax treaty. Our Non-U.S. shareholders should consult their tax advisors concerning the effect, if any, of these Treasury Regulations on an investment in our shares.

Information Reporting Requirements and Backup Withholding for Non-U.S. Shareholders

Additional issues may arise for information reporting and backup withholding for Non-U.S. shareholders. Non-U.S. shareholders should consult their tax advisors with regard to U.S. information reporting and backup withholding requirements under the Internal Revenue Code.

Statement of Stock Ownership

We are required to demand annual written statements from the record holders of designated percentages of our shares disclosing the actual owners of the shares. Any record shareholder who, upon our request, does not provide us with required information concerning actual ownership of the shares is required to include specified information relating to his shares in his federal income tax return. We also must maintain, within the Internal Revenue District in which we are required to file our federal income tax return, permanent records showing the information we have received about the actual ownership of shares and a list of those persons failing or refusing to comply with our demand.

State and Local Taxation

We and any operating subsidiaries of ours may be subject to state and local tax in states and localities in which we or they do business or own property. The tax treatment of the Company, the Operating Partnership, our operating subsidiaries and the holders of our shares in local jurisdictions may differ from the federal income tax treatment described above.

Tax Aspects of the Operating Partnership

The following discussion summarizes certain federal income tax considerations applicable to our investment in the Operating Partnership. The discussion does not cover state or local tax laws or any federal tax laws other than income tax laws.

Classification as a Partnership

We will be entitled to include in our income a distributive share of the Operating Partnership's income and to deduct our distributive share of the Operating Partnership's losses only if the Operating Partnership is classified for federal income tax purposes as a partnership, rather than as an association taxable as a corporation. Under applicable Treasury Regulations (the "Check-the-Box-Regulations"), an unincorporated entity with at least two members may elect to be classified either as an association taxable as a corporation or as a partnership. If such an entity fails to make an election, it generally will be treated as a partnership for federal income tax purposes. The Operating Partnership intends to be classified as a partnership for federal income tax purposes and will not elect to be treated as an association taxable as a corporation under the Check-the-Box-Regulations.

Even though the Operating Partnership will elect to be treated as a partnership for federal income tax purposes, it may be taxed as a corporation if it is deemed to be a "publicly traded partnership." A publicly traded partnership is a partnership whose interests are traded on an established securities market or are readily tradable on a secondary market (or the substantial equivalent

thereof); provided, that even if the foregoing requirements are met, a publicly traded partnership will not be treated as a corporation for federal income tax

purposes if at least 90% of such partnership's gross income for a taxable year consists of "qualifying income" under Section 7704(d) of the Internal Revenue Code. Qualifying income generally includes any income that is qualifying income for purposes of the 95% gross income test applicable to REITs (the "90% Passive-Type Income Exception"). (See "Requirements for Qualification as a REIT -- Operational Requirements -- Gross Income Tests").

Under applicable Treasury Regulations (the "PTP Regulations"), limited safe harbors from the definition of a publicly traded partnership are provided. Pursuant to one of those safe harbors (the "Private Placement Exclusion"), interests in a partnership will not be treated as readily tradable on a secondary market or the substantial equivalent thereof if (i) all interests in the partnership were issued in a transaction (or transactions) that was not required to be registered under the Securities Act of 1933, as amended, and (ii) the partnership does not have more than 100 partners at any time during the partnership's taxable year. In determining the number of partners in a partnership, a person owning an interest in a flow-through entity (i.e., a

partnership, grantor trust, or S corporation) that owns an interest in the partnership is treated as a partner in such partnership only if (a) substantially all of the value of the owner's interest in the flow-through is attributable to the flow-through entity's interest (direct or indirect) in the partnership and (b) a principal purpose of the use of the flow-through entity is to permit the partnership to satisfy the 100 partner limitation. The Operating Partnership qualifies for the Private Placement Exclusion. Even if the Operating Partnership is considered a publicly traded partnership under the PTP Regulations because it is deemed to have more than 100 partners, however, the Operating Partnership should not be treated as a corporation because it should be eligible for the 90% Passive-Type Income Exception described above.

We have not requested, and do not intend to request, a ruling from the Internal Revenue Service that the Operating Partnership will be classified as a partnership for federal income tax purposes. Holland & Knight LLP is of the opinion, however, that based on certain factual assumptions and representations, the Operating Partnership will be treated for federal income tax purposes as a partnership and not as an association taxable as a corporation, or as a publicly traded partnership. Unlike a tax ruling, however, an opinion of counsel is not binding upon the Internal Revenue Service, and no assurance can be given that the Internal Revenue Service will not challenge the status of the Operating Partnership as a partnership for federal income tax purposes. If such challenge were sustained by a court, the Operating Partnership would be treated as a corporation for federal income tax purposes, as described below. In addition, the opinion of Holland & Knight, LLP is based on existing law, which is to a great extent the result of administrative and judicial interpretation. No assurance can be given that administrative or judicial changes would not modify the conclusions expressed in the opinion.

If for any reason the Operating Partnership were taxable as a corporation, rather than a partnership, for federal income tax purposes, we would not be able to qualify as a REIT. (See "Federal Income Tax Considerations -- Requirements for Qualification as a REIT -- Operational Requirements -- Gross Income Tests" and "Requirements for Qualification as a REIT -- Operational Requirements -- Asset Tests.") In addition, any change in the Operating Partnership's status for tax purposes might be treated as a taxable event, in which case we might incur a tax liability without any related cash distribution. (See "Federal Income Tax Considerations -- Requirements for Qualification as a REIT -- Operational Requirements Annual Distribution Requirement.") Further, items of income and deduction of the Operating Partnership would not pass through to its partners, and its partners

would be treated as shareholders for tax purposes. Consequently, the Operating Partnership would be required to pay income tax at corporate tax rates on its net income, and distributions to its partners would constitute dividends that would not be deductible in computing the Operating Partnership's taxable income.

Partners, Not a Partnership, Subject to Tax. A partnership is not a taxable entity for federal income tax purposes. As a partner in the Operating Partnership, we will be required to take into account our allocable share of the Operating Partnership's income, gains, losses, deductions, and credits for any taxable year of the Operating Partnership ending within or with our taxable year, without regard to whether we have received or will receive any distribution from the Operating Partnership.

Partnership Allocations. Although a partnership agreement generally determines the allocation of income and losses among partners, such allocations will be disregarded for tax purposes under Section 704(b) of the Internal Revenue Code if they do not comply with the provisions of Section 704(b) of the Internal Revenue Code and the Treasury Regulations promulgated thereunder. If an allocation is not recognized for federal income tax purposes, the item subject to the allocation will be reallocated in accordance with the partner's interests in the partnership, which will be determined by taking into account all of the facts and circumstances relating to the economic arrangement of the partners with respect to such item. The Operating Partnership's allocations of taxable income and loss are intended to comply with the requirements of Section 704(b) of the Internal Revenue Code and the Treasury Regulations promulgated thereunder.

Tax Allocations With Respect to Contributed Properties. Pursuant to Section 704(c) of the Internal Revenue Code, income, gain, loss, and deduction attributable to appreciated or depreciated property that is contributed to a partnership in exchange for an interest in the partnership must be allocated for federal income tax purposes in a manner such that the contributor is charged with, or benefits from, the unrealized gain or unrealized loss associated with the property at the time of the contribution. The amount of such unrealized gain or unrealized loss is generally equal to the difference between the fair market value of the contributed property at the time of contribution and the adjusted tax basis of such property at the time of contribution. Under applicable Treasury Regulations, partnerships are required to use a "reasonable method" for allocating items subject to Section 704(c) of the Internal Revenue Code and several reasonable allocation methods are described therein. The Operating Partnership will elect to use the "traditional method" for allocating Section 704(c) items with respect to any properties it acquires in exchange for OP Units.

Under the partnership agreement for the Operating Partnership, depreciation or amortization deductions of the Operating Partnership generally will be allocated among the partners in accordance with their respective interests in the Operating Partnership, except to the extent that the Operating Partnership is required under Section 704(c) to use a method for allocating depreciation deductions attributable to its properties that results in us receiving a disproportionately large share of such deductions. It is possible that we may (1) be allocated lower amounts of depreciation deductions for tax purposes with respect to contributed properties than would be allocated to us if each such property were to have a tax basis equal to its fair market value at the time of contribution, and (2) be allocated taxable gain in the event of a sale of such contributed properties in excess of the economic profit allocated to us as a result of such sale. These allocations may cause us to recognize taxable income in excess of cash

proceeds received by us, which might adversely affect our ability to comply with the REIT distribution requirements, although we do not anticipate that this event will occur. The foregoing principles also will affect the calculation of our earnings and profits for purposes of determining which portion of our distributions is taxable as a dividend. The allocations described in this paragraph may result in a higher portion of our distributions being taxed as a dividend than would have occurred had we purchased such properties for cash.

Basis in Operating Partnership Interest. The adjusted tax basis of our partnership interest in the Operating Partnership generally is equal to (1) the

amount of cash and the basis of any other property contributed to the Operating Partnership by us, (2) increased by (A) our allocable share of the Operating Partnership's income and (B) our allocable share of indebtedness of the Operating Partnership, and (3) reduced, but not below zero, by (A) our allocable share of the Operating Partnership's loss and (B) the amount of cash distributed to us, including constructive cash distributions resulting from a reduction in our share of indebtedness of the Operating Partnership.

If the allocation of our distributive share of the Operating Partnership's loss would reduce the adjusted tax basis of our partnership interest in the Operating Partnership below zero, the recognition of such loss will be deferred until such time as the recognition of such loss would not reduce our adjusted tax basis below zero. If a distribution from the Operating Partnership or a reduction in our share of the Operating Partnership's liabilities (which is treated as a constructive distribution for tax purposes) would reduce our adjusted tax basis below zero, any such distribution, including a constructive distribution, would constitute taxable income to us. The gain realized by us upon the receipt of any such distribution or constructive distribution would normally be characterized as capital gain, and if our partnership interest in the Operating Partnership has been held for longer than the long-term capital gain holding period (currently one year), the distribution would constitute long-term capital gain.

Depreciation Deductions Available to the Operating Partnership. Assuming that the Minimum Offering is reached, immediately upon accepting a subscription, we will make a cash contribution to the Operating Partnership in exchange for a general partnership interest in the Operating Partnership. The Operating Partnership will use a portion of such contributions to acquire interests in properties. To the extent that the Operating Partnership acquires properties for cash, the Operating Partnership's initial basis in such properties for federal income tax purposes generally will be equal to the purchase price paid by the Operating Partnership. The Operating Partnership plans to depreciate each such depreciable property for federal income tax purposes under the alternative depreciation system of depreciation ("ADS"). Under ADS, the Operating Partnership generally will depreciate such buildings and improvements over a 40 year recovery period using a straight-line method and a mid-month convention and will depreciate furnishings and equipment over a 12 year recovery period. To the extent that the Operating Partnership acquires properties in exchange for OP Units, the Operating Partnership's initial basis in each such property for federal income tax purposes should be the same as the transferor's basis in that property on the date of acquisition by the Operating Partnership. Although the law is not entirely clear, the Operating Partnership generally intends to depreciate such depreciable property for federal income tax purposes over the same remaining useful lives and under the same methods used by the transferors.

Sale of the Operating Partnership's Property

Generally, any gain realized by the Operating Partnership on the sale of property held for more than one year will be long-term capital gain, except for any portion of such gain that is treated as

depreciation or cost recovery recapture. Any gain recognized by the Operating Partnership upon the disposition of a property acquired by the Operating Partnership for cash will be allocated among the partners in accordance with their respective percentage interests in the Operating Partnership.

The Company's share of any gain realized by the Operating Partnership on the sale of any property held by the Operating Partnership as inventory or other property held primarily for sale to customers in the ordinary course of the Operating Partnership's trade or business will be treated as income from a prohibited transaction that is subject to a 100% penalty tax. Such prohibited transaction income also may have an adverse effect upon the Company's ability to satisfy the income tests for REIT status. (See "Federal Income Tax Considerations -- Requirements for Qualification as a REIT -- Gross Income

Tests" above.) The Company, however, does not presently intend to acquire or hold or allow the Operating Partnership to acquire to hold any property that represents inventory or other property held primarily for sale to customers in the ordinary course of the Company's or the Operating Partnership's trade or business.

ERISA Considerations

The following is a summary of some non-tax considerations associated with an investment in our shares by a qualified employee pension benefit plan or an IRA. This summary is based on provisions of ERISA and the Internal Revenue Code, as amended through the date of this prospectus, and relevant regulations and opinions issued by the Department of Labor and the Internal Revenue Service. We cannot assure you that legislative, regulatory or administrative changes or court decisions may not be forthcoming which would significantly modify the statements expressed herein. Any changes may or may not apply to transactions entered into prior to the date of their enactment.

Each fiduciary of an employee pension benefit plan subject to ERISA, such as a profit sharing, section 401(k), or pension plan, or of any other retirement plan or account subject to Section 4975 of the Internal Revenue Code, such as an IRA (collectively, "Benefit Plans"), seeking to invest plan assets in our shares must, taking into account the facts and circumstances of such Benefit Plan, consider, among other matters:

- . whether the investment is consistent with the applicable provisions of ERISA and the Internal Revenue Code;
- . whether, under the facts and circumstances attendant to the Benefit Plan in question, the fiduciary's responsibility to the plan has been satisfied;
- . whether the investment will produce unrelated business taxable income to the Benefit Plan (see "Federal Income Tax Considerations -- Treatment of Tax-Exempt Shareholders"); and
- . the need to value the assets of the Benefit Plan annually.

Under ERISA, a plan fiduciary's responsibilities include the following duties:

- . to act solely in the interest of plan participants and beneficiaries and for the exclusive purpose of providing benefits to them, as well as defraying reasonable expenses of plan administration;

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- . to invest plan assets prudently;
- . to diversify the investments of the plan unless it is clearly prudent not to do so;
- . to ensure sufficient liquidity for the plan; and
- . to consider whether an investment would constitute or give rise to a prohibited transaction under ERISA or the Internal Revenue Code.

ERISA also requires that the assets of an employee benefit plan be held in trust and that the trustee (or a duly authorized named fiduciary or investment manager) have exclusive authority and discretion to manage and control the assets of the plan.

Section 406 of ERISA and Section 4975 of the Internal Revenue Code prohibit specified transactions involving the assets of a Benefit Plan which are between the Plan and any "party in interest" or "disqualified person" with respect to that Benefit Plan. These transactions are prohibited regardless of how beneficial they may be for the Benefit Plan. Prohibited transactions include

the sale, exchange or leasing of property, the lending of money or the extension of credit between a Benefit Plan and a party in interest or disqualified person, and the transfer to, or use by, or for the benefit of, a party in interest, or disqualified person, of any assets of a Benefit Plan. A fiduciary of a Benefit Plan also is prohibited from engaging in self-dealing, acting for a person who has an interest adverse to the plan or receiving any consideration for its own account from a party dealing with the plan in a transaction involving plan assets.

Furthermore, Section 408 of the Internal Revenue Code states that assets of an IRA trust may not be commingled with other property except in a common trust fund or common investment fund. In order to determine whether an investment in our shares creates or gives rise to the potential for either prohibited transactions or the commingling of assets referred to above, a fiduciary must consider whether an investment in our shares will cause our assets to be treated as assets of the investing Benefit Plan ("plan assets").

Plan Asset Considerations

Neither ERISA nor the Internal Revenue Code define the term "plan assets," however, U.S. Department of Labor Regulations provide guidelines as to whether, and under what circumstances, the underlying assets of an entity will be deemed to constitute assets of a Benefit Plan when the plan invests in that entity (29 C.F.R. Section 2510.3-101, the "Regulation"). Under the Regulation, the assets of corporations, partnerships or other entities in which a Benefit Plan makes an equity investment will generally be deemed to be assets of the Benefit Plan unless the entity satisfies one of the exceptions to this general rule. As discussed below, we have received an opinion of counsel that, based on the Regulation, our underlying assets should not be deemed to be "plan assets" of Benefit Plans investing in shares, assuming the conditions set forth in the opinion are satisfied, based upon the fact that at least one of the specific exemptions set forth in the Regulation is satisfied, as determined below.

Specifically, the Regulation provides that the underlying assets of REITs will not be treated as assets of a Benefit Plan investing therein if the interest the Benefit Plan acquires is a "publicly-offered security." A publicly-offered security must be:

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- . sold as part of a public offering registered under the Securities Act of 1933 and be part of a class of securities registered under the Securities Exchange Act of 1934, as amended, within a specified time period;
- . part of a class of securities that is owned by 100 or more persons who are independent of the issuer and one another; and
- . "freely transferable."

Our shares are being sold as part of an offering of securities to the public pursuant to an effective registration statement under the Securities Act, and are part of a class registered under the Securities Exchange Act. Any shares purchased, therefore, should satisfy the first criterion of the publicly-offered security exemption.

We have over 100 independent shareholders. Thus, the second criterion of the publicly-offered security exception will be satisfied.

Whether a security is "freely transferable" depends upon the particular facts and circumstances. Our shares are subject to certain restrictions on transferability intended to ensure that we continue to qualify for federal income tax treatment as a REIT. The Regulation provides, however, that where the minimum investment in a public offering of securities is \$10,000 or less, the presence of a restriction on transferability intended to prohibit transfers which would result in a termination or reclassification of the entity for state or federal tax purposes will not ordinarily affect a determination that such

securities are freely transferable. The minimum investment in our shares is less than \$10,000; thus, the restrictions imposed in order to maintain our status as a REIT should not cause the shares to be deemed to be not freely transferable.

In the event that our underlying assets were treated by the Department of Labor as the assets of investing Benefit Plans, our management would be treated as fiduciaries with respect to each Benefit Plan shareholder, and an investment in our shares might constitute an ineffective delegation of fiduciary responsibility to Wells Capital and expose the fiduciary of the Benefit Plan to co-fiduciary liability under ERISA for any breach by Wells Capital of the fiduciary duties mandated under ERISA. Further, if our assets are deemed to be "plan assets," an investment by an IRA in our shares might be deemed to result in an impermissible commingling of IRA assets with other property.

If our management were treated as fiduciaries with respect to Benefit Plan shareholders, the prohibited transaction restrictions of ERISA and the Internal Revenue Code would apply to any transaction involving our assets. These restrictions could, for example, require that we avoid transactions with entities that are affiliated with us or our affiliates or restructure our activities in order to obtain an administrative exemption from the prohibited transaction restrictions. Alternatively, we might have to provide Benefit Plan shareholders with the opportunity to sell their shares to us or we might dissolve or terminate.

If a prohibited transaction were to occur, the Internal Revenue Code imposes an excise tax equal to 15 percent of the amount involved and authorizes the IRS to impose an additional 100% excise tax if the prohibited transaction is not "corrected." These taxes would be imposed on any disqualified person who participates in the prohibited transaction. In addition, Wells Capital and possibly other fiduciaries of Benefit Plan shareholders subject to ERISA who permitted the prohibited transaction to

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occur or who otherwise breached their fiduciary responsibilities, or a non-fiduciary participating in a prohibited transaction, could be required to restore to the Benefit Plan any profits they realized as a result of the transaction or breach, and make good to the Benefit Plan any losses incurred by the Benefit Plan as a result of the transaction or breach. With respect to an IRA that invests in our shares, the occurrence of a prohibited transaction involving the individual who established the IRA, or his or her beneficiary, would cause the IRA to lose its tax-exempt status under Section 408(e)(2) of the Internal Revenue Code.

We have obtained an opinion from Holland & Knight LLP that our shares should constitute "publicly-offered securities" and that, accordingly, our underlying assets should not be considered plan assets under the Regulation, assuming the offering takes place as described in this prospectus. Accordingly, the problems discussed in the immediately preceding three paragraphs are not expected to arise.

Other Prohibited Transactions

Regardless of whether the shares qualify for the "publicly-offered security" exception of the Regulation, a prohibited transaction could occur if the Wells REIT, the Advisor, any selected dealer, the escrow agent or any of their affiliates is a fiduciary (within the meaning of Section 3(21) of ERISA) with respect to any Benefit Plan purchasing the shares. Accordingly, unless an administrative or statutory exemption applies, shares should not be purchased by a Benefit Plan with respect to which any of the above persons is a fiduciary. A person is a fiduciary with respect to a Benefit Plan under Section 3(21) of ERISA if, among other things, the person has discretionary authority or control with respect to plan assets or provides investment advice for a fee with respect to the assets. Under a regulation issued by the Department of Labor, a person would be deemed to be providing investment advice if that person renders advice as to the advisability of investing in shares and that person regularly provides

investment advice to the Benefit Plan pursuant to a mutual agreement or understanding (written or otherwise) that (1) the advice will serve as the primary basis for investment decisions, and (2) the advice will be individualized for the Benefit Plan based on its particular needs.

Investment in Escrow Account

The escrow agent will establish two separate escrow accounts. Benefit Plan funds will be deposited in one account while funds from all other investors will be deposited in another account. Pending issuance of the shares to a Benefit Plan, the escrow agent will invest Benefit Plan funds in a money market account maintained by the escrow agent. On each closing date, the funds paid by each Benefit Plan will be released from the Benefit Plan escrow account and exchanged for the applicable number of our shares. Any interest earned by that account prior to any such closing date will be paid to the investing Benefit Plan.

In considering an investment in our shares, a plan fiduciary should consider whether the escrow account arrangement, as well as the ultimate investment in our shares, would be consistent with fiduciary standards applicable to that Benefit Plan.

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Annual Valuation

A fiduciary of an employee benefit plan subject to ERISA is required to determine annually the fair market value of each asset of the plan as of the end of the plan's fiscal year and to file a report reflecting that value with the Department of Labor. When the fair market value of any particular asset is not available, the fiduciary is required to make a good faith determination of that asset's "fair market value" assuming an orderly liquidation at the time the determination is made. In addition, a trustee or custodian of an IRA must provide an IRA participant with a statement of the value of the IRA each year. In discharging its obligation to value assets of a plan, a fiduciary subject to ERISA must act consistently with the relevant provisions of the plan and the general fiduciary standards of ERISA.

Unless and until our shares are listed on a national securities exchange or are included for quotation on Nasdaq, it is not expected that a public market for the shares will develop. To date, neither the Internal Revenue Service nor the Department of Labor has promulgated regulations specifying how a plan fiduciary should determine the "fair market value" of the shares, namely when the fair market value of the shares is not determined in the marketplace. Therefore, to assist fiduciaries in fulfilling their valuation and annual reporting responsibilities with respect to ownership of shares, we intend to provide reports of our annual determinations of the current value of our net assets per outstanding share to those fiduciaries (including IRA trustees and custodians) who identify themselves to us and request the reports. Until December 31, 2002, we intend to use the offering price of shares as the per share net asset value. Beginning with the year 2003, the value of the properties and our other assets will be based on a valuation. Such valuation will be performed by a person independent of us and of Wells Capital.

We anticipate that we will provide annual reports of our determination of value (1) to IRA trustees and custodians not later than January 15 of each year, and (2) to other Benefit Plan fiduciaries within 75 days after the end of each calendar year. Each determination may be based upon valuation information available as of October 31 of the preceding year, up-dated, however, for any material changes occurring between October 31 and December 31.

We intend to revise these valuation procedures to conform with any relevant guidelines that the Internal Revenue Service or the Department of Labor may hereafter issue. Meanwhile, we cannot assure you:

- . that the value determined by us could or will actually be realized by us or by shareholders upon liquidation (in part because appraisals or estimated values do not necessarily indicate the price at which assets

could be sold and because no attempt will be made to estimate the expenses of selling any of our assets);

- . that shareholders could realize this value if they were to attempt to sell their shares; or
- . that the value, or the method used to establish value, would comply with the ERISA or IRA requirements described above.

Description of Shares

The following description of the shares is not complete but is a summary of portions of our articles of incorporation and is qualified in its entirety by reference to the articles of incorporation.

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Under our articles of incorporation, we have authority to issue a total of 90,000,000 shares of capital stock. Of the total shares authorized, 40,000,000 shares are designated as common stock with a par value of \$.01 per share, 5,000,000 shares are designated as preferred stock with a par value of \$.01 per share and 45,000,000 shares are designated as shares-in-trust, which would be issued only in the event we have purchases in excess of the ownership limits described below.

As of _____, 1999, _____ shares of our common stock have been issued and are outstanding.

Common Stock

The holders of common stock are entitled to one vote per share on all matters voted on by shareholders, including election of our directors. Our articles of incorporation do not provide for cumulative voting in the election of directors. Therefore, the holders of a majority of the outstanding common shares can elect our entire board of directors. Subject to any preferential rights of any outstanding series of preferred stock, the holders of common stock are entitled to such dividends as may be declared from time to time by our board of directors out of legally available funds and, upon liquidation, are entitled to receive all assets available for distribution to shareholders. All shares issued in the offering will be fully paid and non-assessable shares of common stock. Holders of shares of common stock will not have preemptive rights, which means that you will not have an automatic option to purchase any new shares that we issue.

We will not issue certificates for our shares. Shares will be held in "uncertificated" form which will eliminate the physical handling and safekeeping responsibilities inherent in owning transferable stock certificates and eliminate the need to return a duly executed stock certificate to effect a transfer. We will act as our own registrar and transfer agent for the shares. Transfers can be effected simply by mailing to us a Transfer and Assignment form, which we will provide to you at no charge.

Preferred Stock

Our articles of incorporation authorize our board of directors to designate and issue one or more classes or series of preferred stock without stockholder approval. The board of directors may determine the relative rights, preferences and privileges of each class or series of preferred stock so issued, which may be more beneficial than the rights, preferences and privileges attributable to the common stock. The issuance of preferred stock could have the effect of delaying or preventing a change in control of the Wells REIT. Our board of directors has no present plans to issue preferred stock, but may do so at any time in the future without shareholder approval.

Soliciting Dealer Warrants

We have agreed to issue and sell to the Dealer Manager warrants to purchase

up to 885,000 shares of our common stock at a price of \$0.0008 per warrant. The Dealer Manager may retain or reallow these warrants to broker-dealers participating in the offering, unless such issuance of soliciting dealer warrants is prohibited by either federal or state securities laws. The shares to be issued upon exercise of these warrants are being registered as part of this offering.

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Each participating broker-dealer will receive from the Dealer Manager one soliciting dealer warrant for every 25 shares sold by such participating broker-dealer during this offering. All shares sold by the Wells REIT other than through the dividend reinvestment plan will be included in the computation of the number of shares sold to determine the number of soliciting dealer warrants to be issued.

The holder of a soliciting dealer warrant will be entitled to purchase one share of our common stock at a price of \$12 per share (120% of the offering price) during the time period beginning one year from the effective date of this offering and ending five years after the effective date of this offering.

A soliciting dealer warrant may not be exercised unless the shares to be issued upon exercise have been registered or are exempt from registration in the state of residence of the holder of the warrant and any prospectus required under the laws of such state has been delivered to the buyer on behalf of the Wells REIT. In addition, holders of soliciting dealer warrants may not exercise them to the extent such exercise would jeopardize our status as a REIT under the Internal Revenue Code.

The terms of the soliciting dealer warrants, including exercise price and the number and type of securities issuable upon exercise of these warrants, may be adjusted in the event of stock dividends, stock splits or a merger, consolidation, reclassification, reorganization, recapitalization or sale of our assets. Soliciting dealer warrants are not transferable or assignable except by the Dealer Manager, the participating broker-dealers, or their successors in interest, or to individuals who are officers of such participating broker-dealers. Exercise of the soliciting dealer warrants is governed by the terms and conditions detailed in this prospectus and in the Warrant Purchase Agreement, which is an exhibit to the Registration Statement.

Holders of soliciting dealer warrants do not have the rights of stockholders and, therefore, may not vote on matters and are not entitled to receive dividends until such time as the warrants are exercised.

Meetings and Special Voting Requirements

An annual meeting of the shareholders will be held each year, at least 30 days after delivery of our annual report. Special meetings of shareholders may be called only upon the request of a majority of the directors, a majority of the independent directors, the chairman, the president or upon the written request of 10% of the shareholders. The presence of a majority of the outstanding shares either in person or by proxy shall constitute a quorum. Generally, the affirmative vote of a majority of all votes entitled to be voted is necessary to take shareholder action authorized by our articles of incorporation, except that a majority of the votes represented in person or by proxy at a meeting at which a quorum is present is sufficient to elect a director.

Under Maryland Corporation Law and our articles of incorporation, shareholders are entitled to vote at a duly held meeting at which a quorum is present on (1) amendment of our articles of incorporation, (2) liquidation or dissolution of the Wells REIT, (3) reorganization of the Wells REIT, (4) merger, consolidation or sale or other disposition of substantially all of our assets, and (5) termination of our status as a REIT. Shareholders voting against any merger or sale of assets are permitted under Maryland Corporation Law to petition a court for the appraisal and payment of the fair value of their shares. In an appraisal proceeding, the court appoints appraisers who attempt

to determine the fair value of the stock as of the date of the shareholder vote on the merger or sale of

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assets. After considering the appraisers' report, the court makes the final determination of the fair value to be paid to the dissenting shareholder and decides whether to award interest from the date of the merger or sale of assets and costs of the proceeding to the dissenting shareholders.

Our advisor is selected and approved annually by our directors. While the shareholders do not have the ability to vote to replace Wells Capital or to select a new advisor, shareholders do have the ability, by the affirmative vote of a majority of the shareholders entitled to vote on such matter, to elect to remove a director from our board.

Shareholders are entitled to receive a copy of our shareholder list upon request. The list provided by us will include each shareholder's name, address and telephone number, if available, and number of shares owned by each shareholder and will be sent within ten days of the receipt by us of the request. A shareholder requesting a list will be required to pay reasonable costs of postage and duplication. We have the right to request that a requesting shareholder represent to us that the list will not be used to pursue commercial interests.

In addition to the foregoing, shareholders have rights under Rule 14a-7 under the Securities Exchange Act, which provides that, upon the request of investors and the payment of the expenses of the distribution, we are required to distribute specific materials to shareholders in the context of the solicitation of proxies for voting on matters presented to shareholders or, at our option, provide requesting shareholders with a copy of the list of shareholders so that the requesting shareholders may make the distribution of proxies themselves.

Restriction on Ownership of Shares

In order for us to qualify as a REIT, not more than 50% of our outstanding shares may be owned by any five or fewer individuals, including some tax-exempt entities. In addition, the outstanding shares must be owned by 100 or more persons independent of us and each other during at least 335 days of a 12-month taxable year or during a proportionate part of a shorter taxable year. We may prohibit certain acquisitions and transfers of shares so as to ensure our continued qualification as a REIT under the Internal Revenue Code. However, we cannot assure you that this prohibition will be effective.

In order to assist us in preserving our status as a REIT, our articles of incorporation contain a limitation on ownership which prohibits any person or group of persons from acquiring, directly or indirectly, beneficial ownership of more than 9.8% of our outstanding shares. Any transfer of shares that would violate the share ownership limit contained in our articles of incorporation will be null and void and the intended transferee will acquire no rights in such shares, unless such transfer is approved by the board of directors based upon information that such transfer would not violate the provisions of the Internal Revenue Code affecting our status as a REIT.

The shares in excess of the ownership limit which are attempted to be transferred will be designated as "shares-in-trust" and will be transferred automatically to a trust effective on the day before the reported transfer of such shares. The record holder of the shares that are designated as shares-in-trust will be required to submit such number of shares to the Wells REIT in the name of the trustee of the trust. We will designate a trustee of the share trust that will not be affiliated with us. We will also name one or more charitable organizations as a beneficiary of the share trust. Shares-in-trust will remain issued and outstanding shares and will be entitled to the same rights and privileges as all

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other shares of the same class or series. The trustee will receive all dividends and distributions on the shares-in-trust and will hold such dividends or distributions in trust for the benefit of the beneficiary. The trustee will vote all shares-in-trust during the period they are held in trust.

At our direction, the trustee will transfer the shares-in-trust to a person whose ownership will not violate the ownership limits. The transfer shall be made within 20 days of our receipt of notice that shares have been transferred to the trust. During this 20 day period, we will have the option of redeeming such shares. Upon any such transfer or redemption, the purported transferee or holder shall receive a per share price equal to the lesser of (a) the price per share in the transaction that created such shares-in-trust, or (b) the market price per share on the date of the transfer or redemption.

Any person who (1) acquires shares in violation of the foregoing restriction or who owns shares that were transferred to any such trust is required to give immediate written notice to the Wells REIT of such event or (2) transfers or receives shares subject to such limitations is required to give the Wells REIT 15 days written notice prior to such transaction. In both cases, such persons shall provide to the Wells REIT such other information as we may request in order to determine the effect, if any, of such transfer on our status as a REIT.

The foregoing restrictions will continue to apply until (1) the board of directors determines it is no longer in the best interest of the Wells REIT to continue to qualify as a REIT and (2) there is an affirmative vote of the majority of shares entitled to vote on such matter at a regular or special meeting of the shareholders of the Wells REIT.

The ownership limit does not apply to an offeror which, in accordance with applicable federal and state securities laws, makes a cash tender offer, where at least 85% of the outstanding shares are duly tendered and accepted pursuant to the cash tender offer. The ownership limit also does not apply to the underwriter in a public offering of shares. In addition, the ownership limit does not apply to a person or persons which the directors so exempt from the ownership limit upon appropriate assurances that our qualification as a REIT is not jeopardized.

Any person who owns 5% or more of the outstanding shares during any taxable year will be asked to deliver a statement or affidavit setting forth the number of shares beneficially owned, directly or indirectly.

Dividends

Dividends will be paid on a quarterly basis regardless of the frequency with which such distributions are declared. Dividends will be paid to investors who are shareholders as of the record dates selected by the directors. We intend to calculate our quarterly dividends based upon daily record and dividend declaration dates so our investors will be entitled to be paid dividends immediately upon their purchase of shares.

We are required to make distributions sufficient to satisfy the requirements for qualification as a REIT for tax purposes. Generally, income distributed as dividends will not be taxable to us under the Internal Revenue Code if we distribute at least 95% of our taxable income. (See "Federal Income Tax Considerations -- Requirements for Qualification as a REIT.")

Dividends will be declared at the discretion of the board of directors, in accordance with our earnings, cash flow and general financial condition. The board's discretion will be directed, in substantial part, by its obligation to cause us to comply with the REIT requirements. Because we may receive income from interest or rents at various times during our fiscal year, dividends may not reflect our income earned in that particular distribution period but may be made in anticipation of cash flow which we expect to receive during a later

quarter and may be made in advance of actual receipt of funds in an attempt to make dividends relatively uniform. We may borrow money, issue new securities or sell assets in order to make dividend distributions.

We are not prohibited from distributing our own securities in lieu of making cash dividends to shareholders, provided that the securities distributed to shareholders are readily marketable. Shareholders who receive marketable securities in lieu of cash dividends may incur transaction expenses in liquidating the securities.

Dividend Reinvestment Plan

We currently have a dividend reinvestment plan available that allows you to have your dividends otherwise distributable to you invested in additional shares of the Wells REIT. The dividend reinvestment plan was established during our initial offering in which we registered up to 1,500,000 shares to be issued pursuant to our dividend reinvestment plan. Since the initial offering has now been terminated, you may only purchase shares through the dividend reinvestment plan after you have received a separate prospectus relating solely to the dividend reinvestment plan.

You may purchase shares under the dividend reinvestment plan for \$10 per share until all of the 1,500,000 shares initially registered have been sold. After this time, we may purchase shares either through purchases on the open market, if a market then exists, through our share redemption program or through an additional issuance of shares. In any case, the price per share will be equal to the then prevailing market price, which shall equal the price on the securities exchange or over-the-counter market on which such shares are listed at the date of purchase if such shares are then listed.

You may elect to participate in the dividend reinvestment plan by completing the enrollment form attached to the dividend reinvestment plan prospectus or by other written notice to the plan administrator. Participation in the plan will begin with the next distribution made after receipt of your written notice provided that it is received at least 10 days prior to the record date for such distribution. We may terminate the dividend reinvestment plan for any reason at any time upon 10 days' prior written notice to all participants. Your participation in the plan will also be terminated to the extent that a reinvestment of your distributions in our shares would cause the percentage ownership limitation contained in our articles of incorporation to be exceeded.

If you elect to participate in the dividend reinvestment plan and are subject to federal income taxation, you will incur a tax liability for dividends allocated to you even though you have elected not to receive the dividends in cash but rather to have the dividends held pursuant to the dividend reinvestment plan. Specifically, you will be treated as if you have received the dividend from us in cash and then applied such dividend to the purchase of additional shares. You will be taxed on the amount of such dividend as ordinary income to the extent such dividend is from current or accumulated earnings and profits, unless we have designated all or a portion of the dividend as a capital gain dividend.

Redemption of Shares

Prior to the time that our shares are listed on a national securities market, shareholders that have held their shares for at least one year may present all or any portion of their shares to us for redemption at any time, in accordance with the procedures outlined herein. At that time, we may, at our option, subject to the conditions described below, redeem the shares presented for redemption for cash to the extent we have sufficient funds available, as determined by the board of directors in its sole discretion. Shareholders have no right to have their shares redeemed.

Redemption of shares, when made, will be made quarterly by the Wells REIT, in the sole discretion of the board of directors, on a first-come, first-served

basis and will be limited as follows: (1) not more than \$500,000 worth of our outstanding shares will be repurchased in any given year; and (2) the funds available for repurchase or for redemption will be limited to available proceeds received by us from the sale of shares under our dividend reinvestment plan. The board of directors will determine in its sole discretion whether to redeem shares at all and whether there are sufficient funds from sales under our dividend investment plan. In making this determination, the board will consider the need to use proceeds from such sales for investment in additional properties or for maintenance or repair of existing properties. Such property-related uses will have priority over the need to allocate funds to the redemption of shares.

If your shares are redeemed during the offering period, the purchase price will be \$8.40 per share. After the offering period, the price per share for redemption of your shares will be set from time to time to by the board of directors in its sole discretion. In such cases, the board of directors will consider our net asset value, recent comparable offerings and other factors which the board of directors, in its sole discretion, deems relevant.

You have no right to have your shares redeemed, and we cannot guarantee that we will have funds available for redemption of your shares. If we do not have such funds available, at the time when redemption is requested, you can (1) withdraw your request for repurchase, or (2) ask that we honor the request at such time, if any, when funds are available. Such pending requests will be honored on a first-come, first-served basis. The redemption program is only intended to provide interim liquidity for shareholders until a secondary market develops for the shares. No such market presently exists, and we cannot assure you that any market for your shares will ever develop. The redemption program, if established, will exist during the offering period and will be terminated following the listing of the shares on a national exchange.

Shares purchased pursuant to the redemption program will be cancelled, and will have the status of authorized but unissued shares. We will not reissue such shares unless they are first registered with the Commission under the Securities Act and under appropriate state securities laws or are otherwise issued in compliance with such laws.

Restrictions on Roll-Up Transactions

In connection with any proposed transaction considered a "Roll-up Transaction" involving the Wells REIT and the issuance of securities of an entity (a "Roll-up Entity") that would be created or would survive after the successful completion of the Roll-up Transaction, an appraisal of all properties shall be obtained from a competent independent appraiser. The properties shall be appraised on a consistent basis, and the appraisal shall be based on the evaluation of all relevant information and shall

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indicate the value of the properties as of a date immediately prior to the announcement of the proposed Roll-up Transaction. The appraisal shall assume an orderly liquidation of properties over a 12-month period. The terms of the engagement of the independent appraiser shall clearly state that the engagement is for our benefit and the shareholders. A summary of the appraisal, indicating all material assumptions underlying the appraisal, shall be included in a report to shareholders in connection with any proposed Roll-up Transaction.

A "Roll-up Transaction" is a transaction involving the acquisition, merger, conversion or consolidation, directly or indirectly, of the Wells REIT and the issuance of securities of a Roll-up Entity. This term does not include:

- . a transaction involving our securities that have been for at least 12 months listed on a national securities exchange or included for quotation on Nasdaq; or
- . a transaction involving the conversion to corporate, trust, or association form of only the Wells REIT if, as a consequence of the transaction, there will be no significant adverse change in any of the

following: shareholder voting rights; the term of our existence; compensation to Wells Capital; or our investment objectives.

In connection with a proposed Roll-up Transaction, the person sponsoring the Roll-up Transaction must offer to shareholders who vote "no" on the proposal the choice of:

- (1) accepting the securities of a Roll-up Entity offered in the proposed Roll-up Transaction; or
- (2) one of the following:
 - (A) remaining as shareholders of the Wells REIT and preserving their interests therein on the same terms and conditions as existed previously, or
 - (B) receiving cash in an amount equal to the shareholder's pro rata share of the appraised value of our net assets.

We are prohibited from participating in any proposed Roll-up Transaction:

- . which would result in the shareholders having democracy rights in a Roll-up Entity that are less than those provided in our bylaws and described elsewhere in this prospectus, including rights with respect to the election and removal of directors, annual reports, annual and special meetings, amendment of our articles of incorporation, and dissolution of the Wells REIT;
 - . which includes provisions that would operate to materially impede or frustrate the accumulation of shares by any purchaser of the securities of the Roll-up Entity, except to the minimum extent necessary to preserve the tax status of the Roll-up Entity, or which would limit the ability of an investor to exercise the voting rights of its securities of the Roll-up Entity on the basis of the number of shares held by that investor;
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- . in which investor's rights to access of records of the Roll-up Entity will be less than those provided in the section of this prospectus entitled "Description of Shares -- Meetings and Special Voting Requirements;" or
 - . in which any of the costs of the Roll-up Transaction would be borne by us if the Roll-up Transaction is not approved by the shareholders.

Business Combinations

Under Maryland Corporation Law, business combinations between a Maryland corporation and an interested shareholder or the interested shareholder's affiliate are prohibited for five years after the most recent date on which the shareholder becomes an interested shareholder. For this purpose, the term "business combinations" includes mergers, consolidations, share exchanges, asset transfers and issuances or reclassifications of equity securities. An "interested shareholder" is defined for this purpose as:

- (1) any person who beneficially owns ten percent or more of the voting power of the corporation's shares; or
- (2) an affiliate or associate of the corporation who, at any time within the two-year period prior to the date in question, was the beneficial owner of ten percent or more of the voting power of the then outstanding voting shares of the corporation.

After the five-year prohibition, any business combination between the corporation and an interested shareholder generally must be recommended by the board of directors of the corporation and approved by the affirmative vote of at

least:

(1) 80% of the votes entitled to be cast by holders of outstanding voting shares of the corporation; and

(2) two-thirds of the votes entitled to be cast by holders of voting shares of the corporation other than shares held by the interested shareholder or its affiliate with whom the business combination is to be effected, or held by an affiliate or associate of the interested shareholder voting together as a single voting group.

These super-majority vote requirements do not apply if the corporation's common shareholders receive a minimum price, as defined under Maryland Corporation Law, for their shares in the form of cash or other consideration in the same form as previously paid by the interested shareholder for its shares. None of these provisions of the Maryland Corporation Law will apply, however, to business combinations that are approved or exempted by the board of directors of the corporation prior to the time that the interested shareholder becomes an interested shareholder.

The business combination statute may discourage others from trying to acquire control of us and increase the difficulty of consummating any offer.

Control Share Acquisitions

Maryland Corporation Law provides that control shares of a Maryland corporation acquired in a control share acquisition have no voting rights except to the extent approved by a vote of two-thirds

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of the votes entitled to be cast on the matter. Shares owned by the acquiror, or by officers or directors who are employees of the corporation are not entitled to vote on the matter. As permitted by Maryland Corporation Law, we have provided in our bylaws that the control share provisions of Maryland Corporation Law will not apply to transactions involving the Wells REIT, but the board of directors retains the discretion to change this provision in the future.

"Control shares" are voting shares which, if aggregated with all other shares owned by the acquiror or with respect to which the acquiror has the right to vote or to direct the voting of, other than solely by virtue of revocable proxy, would entitle the acquiror to exercise voting power in electing directors within one of the following ranges of voting powers:

- . one-fifth or more but less than one-third;
- . one-third or more but less than a majority; or
- . a majority or more of all voting power.

Control shares do not include shares the acquiring person is then entitled to vote as a result of having previously obtained shareholder approval.

Except as otherwise specified in the statute, a "control share acquisition" means the acquisition of control shares.

Once a person who has made or proposes to make a control share acquisition has undertaken to pay expenses and has satisfied other required conditions, the person may compel the board of directors to call a special meeting of shareholders to be held within 50 days of demand to consider the voting rights of the shares. If no request for a meeting is made, the corporation may itself present the question at any shareholders meeting.

If voting rights are not approved for the control shares at the meeting or if the acquiring person does not deliver an "acquiring person statement" for the control shares as required by the statute, the corporation may redeem any or all of the control shares for their fair value, except for control shares for which

voting rights have previously been approved. Fair value is to be determined for this purpose without regard to the absence of voting rights for the control shares, and is to be determined as of the date of the last control share acquisition or of any meeting of shareholders at which the voting rights for control shares are considered and not approved.

If voting rights for control shares are approved at a shareholders meeting and the acquiror becomes entitled to vote a majority of the shares entitled to vote, all other shareholders may exercise appraisal rights. The fair value of the shares as determined for purposes of these appraisal rights may not be less than the highest price per share paid in the control share acquisition. Some of the limitations and restrictions otherwise applicable to the exercise of dissenters' rights do not apply in the context of a control share acquisition.

The control share acquisition statute does not apply to shares acquired in a merger, consolidation or share exchange if the corporation is a party to the transaction or to acquisitions approved or exempted by the articles of incorporation or bylaws of the corporation.

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The Operating Partnership Agreement

General

Wells Operating Partnership, L.P. (Wells OP) was formed in January 1998 to acquire, own and operate properties on our behalf. It is considered to be an Umbrella Partnership Real Estate Investment Trust (UPREIT), which structure is utilized generally to provide for the acquisition of real property from owners who desire to defer taxable gain otherwise to be recognized by them upon the disposition of their property. Such owners may also desire to achieve diversity in their investment and other benefits afforded to owners of stock in a REIT. For purposes of satisfying the asset and income tests for qualification as a REIT for tax purposes, the REIT's proportionate share of the assets and income of an UPREIT, such as Wells OP, will be deemed to be assets and income of the REIT.

The property owner's goals are accomplished because a property owner may contribute property to an UPREIT in exchange for limited partnership units on a tax-free basis. Further, Wells OP is structured to make distributions with respect to limited partnership units which are equivalent to the dividend distributions made to shareholders of the Wells REIT. Finally, a limited partner in the Wells OP may later exchange his limited partnership units in Wells OP for shares in the Wells REIT (in a taxable transaction) and, if our shares are then listed, achieve liquidity for his investment.

Substantially all of our assets are held by Wells OP, and we intend to make future acquisitions of real properties using the UPREIT structure. The Wells REIT is the sole general partner of Wells OP and owned, as of _____, 1999, an approximately ___% ownership interest in Wells OP. Wells Capital, our advisor, has contributed \$200,000 to Wells OP and is currently the only limited partner owning the other approximately ___% ownership interest in Wells OP. As the sole general partner of Wells OP, we have the exclusive power to manage and conduct the business of Wells OP.

The following is a summary of certain provisions of the partnership agreement of Wells OP. This summary is not complete and is qualified by the specific language in the partnership agreement. You should refer to the partnership agreement, itself, which we have filed as an exhibit to the registration statement, for more detail.

Capital Contributions

As we accept subscriptions for shares, we will transfer substantially all of the net proceeds of the offering to Wells OP as a capital contribution; however, we will be deemed to have made capital contributions in the amount of the gross offering proceeds received from investors. Wells OP will be deemed to have

simultaneously paid the selling commissions and other costs associated with the offering. If Wells OP requires additional funds at any time in excess of capital contributions made by us and Wells Capital or from borrowing, we may borrow funds from a financial institution or other lender and lend such funds to Wells OP on the same terms and conditions as are applicable to our borrowing of such funds. In addition, we are authorized to cause Wells OP to issue partnership interests for less than fair market value if we conclude in good faith that such issuance is in the best interest of Wells OP and the Wells REIT.

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Operations

The partnership agreement requires that Wells OP be operated in a manner that will enable the Wells REIT to (1) satisfy the requirements for being classified as a REIT for tax purposes, (2) avoid any federal income or excise tax liability, and (3) ensure that Wells OP will not be classified as a "publicly traded partnership" for purposes of Section 7704 of the Internal Revenue Code, which classification could result Wells OP being taxed as a corporation, rather than as a partnership. (See "Federal Income Tax Considerations -- Tax Aspects of the Operating Partnership -- Classification as a Partnership.")

The partnership agreement provides that Wells OP will distribute cash flow from operations to the partners in accordance with their respective percentage interests on at least a quarterly basis in amounts determined by the Wells REIT as general partner. This will enable us to make dividend distributions to our shareholders.

Profits and losses of Wells OP for each fiscal year will generally also be allocated among the partners in accordance with their respective percentage interests in Wells OP, and taxable income and loss will be allocated in the same manner, subject to compliance with the provisions of Sections 704(b) and 704(c) of the Internal Revenue Code and corresponding Treasury Regulations.

Upon the liquidation of Wells OP, after payment of debts and obligations, any remaining assets of Wells OP will be distributed to partners with positive capital accounts in accordance with their respective positive capital account balances. If the Wells REIT has a negative balance in its capital account following a liquidation, it will be obligated to contribute cash to Wells OP equal to such negative balance for distribution to other partners, if any, having positive balances in their capital accounts.

In addition to the administrative and operating costs and expenses incurred by Wells OP in acquiring and operating real properties, Wells OP will pay all administrative costs and expenses of the Wells REIT and such expenses will be treated as expenses of Wells OP. Such expenses will include:

- . all expenses relating to the formation and continuity of existence of the Wells REIT;
- . all expenses relating to the public offering and registration of securities by the Wells REIT;
- . all expenses associated with the preparation and filing of any periodic reports by the Wells REIT under federal, state or local laws or regulations;
- . all expenses associated with compliance by the Wells REIT with applicable laws, rules and regulations; and
- . all other operating or administrative costs of the Wells REIT incurred in the ordinary course of its business on behalf of Wells OP.

Exchange Rights

The limited partners of Wells OP, including Wells Capital, have the right to cause Wells OP to redeem their limited partnership units for cash equal to the

value of an equivalent number of our shares,

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or, at our option, we may purchase their limited partnership units by issuing one share of the Wells REIT for each limited partnership unit redeemed. These exchange rights may not be exercised, however, if and to the extent that the delivery of shares upon such exercise would (1) result in any person owning shares in excess of our ownership limits, (2) result in shares being owned by fewer than 100 persons, (3) result in the Wells REIT being "closely held" within the meaning of Section 856(h) of the Internal Revenue Code, (4) cause the Wells REIT to own 10% or more of the ownership interests in a tenant within the meaning of Section 856(d)(2)(B) of the Internal Revenue Code, or (5) cause the acquisition of shares by a redeemed limited partner to be "integrated" with any other distribution of our shares for purposes of complying with the Securities Act.

Subject to the foregoing, limited partners may exercise their exchange rights at any time after one year following the date of issuance of their limited partnership units; provided, however, that a limited partner may not deliver more than two exchange notices each calendar year and may not exercise an exchange right for less than 1,000 limited partnership units, unless such limited partner holds less than 1,000 units, in which case, he must exercise his exchange right for all of his units.

Transferability of Interests

The Wells REIT may not (1) voluntarily withdraw as the general partner of Wells OP, (2) engage in any merger, consolidation or other business combination, or (3) transfer its general partnership interest in Wells OP (except to a wholly-owned subsidiary), unless the transaction in which such withdrawal, business combination or transfer occurs results in the limited partners receiving or having the right to receive an amount of cash, securities or other property equal in value to the amount they would have received if they had exercised their exchange rights immediately prior to such transaction or unless, in the case of a merger or other business combination, the successor entity contributes substantially all of its assets to Wells OP in return for an interest in Wells OP and agrees to assume all obligations of the general partner of Wells OP. The Wells REIT may also enter into a business combination or we may transfer our general partnership interest upon the receipt of the consent of a majority-in-interest of the limited partners of Wells OP, other than Wells Capital. With certain exceptions, the limited partners may not transfer their interests in Wells OP, in whole or in part, without the written consent of the Wells REIT as general partner. In addition, Wells Capital may not transfer its interest in Wells OP as long as it is acting as the advisor to the Wells REIT, except pursuant to the exercise of its right to exchange limited partnership units for Wells REIT shares, in which case similar restrictions on transfer will apply to the REIT shares received by Wells Capital.

Plan of Distribution

A maximum of 22,115,000 shares are being offered to the public through Wells Investment Securities, Inc., the Dealer Manager, a registered broker-dealer affiliated with the advisor. (See "Conflicts of Interest.") The shares are being offered at a price of \$10.00 per share on a "best efforts" basis, which means generally that the Dealer Manager will be required to use only its best efforts to sell the shares and it has no firm commitment or obligation to purchase any of the shares. An additional 885,000 shares are reserved for issuance upon exercise of soliciting dealer warrants, which are granted to participating broker-dealers based upon the number of shares they sell. Therefore, a total of 23,000,000 shares are being registered in this offering.

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Except as provided below, the Dealer Manager will receive selling commissions of 7% of the gross offering proceeds. The Dealer Manager will also

receive 2.5% of the gross offering proceeds in the form of a dealer manager fee as compensation for acting as the Dealer Manager and for expenses incurred in connection with coordinating sales efforts, training of personnel and generally performing "wholesaling" functions. In addition, we may reimburse the expenses incurred by nonaffiliated dealers for actual due diligence purposes in the maximum amount of .5% of the gross offering proceeds. We will not pay referral or similar fees to any accountants, attorneys or other persons in connection with the distribution of the shares. Shareholders who elect to participate in the dividend reinvestment plan will be charged selling commissions and dealer manager fees on shares purchased pursuant to the dividend reinvestment plan on the same basis as shareholders purchasing shares other than pursuant to the dividend reinvestment plan.

We will also award to participating broker-dealers one soliciting dealer warrant for every 25 shares they sell during the offering period. The holder of a soliciting dealer warrant will be entitled to purchase one share from the Wells REIT at a price of \$12 per share during the period beginning on the first anniversary of the effective date of this offering and ending five years after the effective date of this offering. Subject to certain exceptions, a soliciting dealer warrant may not be transferred, assigned, pledged or hypothecated for a period of one year following the effective date of this offering. The shares issuable upon exercise of the soliciting dealer warrants are being registered as part of this offering. For the life of the soliciting dealer warrants, participating broker-dealers are given the opportunity to profit from a rise in the market price for the common stock without assuming the risk of ownership, with a resulting dilution in the interest of other shareholders upon exercise of such warrants. In addition, holders of the soliciting dealer warrants would be expected to exercise such warrants at a time when we could obtain needed capital by offering new securities on terms more favorable than those provided by the soliciting dealer warrants.

The Dealer Manager may authorize certain other broker-dealers who are members of the NASD to sell shares. In the event of the sale of shares by such other broker-dealers, the Dealer Manager may reallocate its commissions in the amount of up to 7% of the gross offering proceeds to such participating broker-dealers. In addition, the Dealer Manager, in its sole discretion, may reallocate to broker-dealers participating in the offering a portion of its dealer manager fee in the aggregate amount of up to 1.5% of gross offering proceeds to be paid to such participating broker-dealer as a marketing fee, based on such factors as the number of shares sold by such participating broker-dealer, the assistance of such participating broker-dealer in marketing the offering and bona fide conference fees incurred.

We anticipate that the total underwriting compensation, including sales commissions, the dealer manager fee and underwriting expense reimbursements, will not exceed 10% of gross offering proceeds, except for the additional .5% of gross offering proceeds which may be paid by the Wells REIT in connection with due diligence activities.

We have agreed to indemnify the participating broker-dealers, including the Dealer Manager, against certain liabilities arising under the Securities Act of 1933, as amended.

The broker-dealers participating in the offering of our shares are not obligated to obtain any subscriptions on our behalf, and we cannot assure you that any shares will be sold.

Our executive officers and directors, as well as officers and employees of Wells Capital or other affiliates, may purchase shares offered in this offering at a discount. The purchase price for such shares shall be \$8.90 per share reflecting the fact that the acquisition and advisory fees relating to such shares will be reduced by \$0.15 per share and selling commissions in the amount of \$0.70 per share and dealer manager fees in the amount of \$0.25 per share will not be payable in connection with such sales. The net offering proceeds we receive will not be affected by such sales of shares at a discount. Wells

Capital and its affiliates shall be expected to hold their shares purchased as shareholders for investment and not with a view towards distribution. In addition, shares purchased by Wells Capital or its affiliates shall not be entitled to vote on any matter presented to the shareholders for a vote.

You should pay for your shares by check payable to "Bank of America, N.A., as Escrow Agent." Subscriptions will be effective only upon our acceptance, and we reserve the right to reject any subscription in whole or in part. We may not accept a subscription for shares until at least five business days after the date you receive this prospectus. You will receive a confirmation of your purchase. Except for purchases pursuant to our dividend reinvestment plan or reinvestment plans of other public real estate programs, all accepted subscriptions will be for whole shares and for not less than 100 shares (\$1,000). (See "Suitability Standards.") Except in Maine, Minnesota, Nebraska and Washington, investors who have satisfied the minimum purchase requirement and have purchased units or shares in Wells programs or units or shares in other public real estate programs may purchase less than the minimum number of shares discussed above, provided that such investors purchase a minimum of 2.5 shares (\$25). After investors have satisfied the minimum purchase requirement, minimum additional purchases must be in increments of at least 2.5 shares (\$25), except for purchases made pursuant to our dividend reinvestment plan or reinvestment plans of other public real estate programs.

We will place the subscription proceeds in an interest-bearing account with Bank of America, N.A., Atlanta, Georgia. Subscription proceeds held in the escrow account will be invested in securities backed by the United States government or bank money-market accounts or certificates of deposit of national or state banks that have deposits insured by the Federal Deposit Insurance Corporation, including certificates of deposit of any bank acting as depository or custodian for any such funds, as directed by our advisor. Subscribers may not withdraw funds from the escrow account. We will withdraw funds from the escrow account periodically for the acquisition of real estate properties or the payment of fees and expenses. We generally admit shareholders to the Wells REIT on a daily basis.

Investors who desire to establish an IRA for purposes of investing in shares may do so by having Wells Advisors, Inc., a qualified non-bank IRA custodian affiliated with the advisor, act as their IRA custodian. In the event that an IRA is established having Wells Advisors, Inc. as the IRA custodian, the authority of Wells Advisors, Inc. will be limited to holding the shares on behalf of the beneficiary of the IRA and making distributions or reinvestments in shares solely at the discretion of the beneficiary of the IRA. Wells Advisors, Inc. will not have the authority to vote any of the shares held in an IRA except strictly in accordance with the written instructions of the beneficiary of the IRA.

The offering of shares will terminate upon the earlier of (1) _____, _____, or (2) the date on which we sell all 22,115,000 shares.

The proceeds of this offering will be received and held in trust for the benefit of purchasers of shares to be used only for the purposes set forth in the "Estimated Use of Proceeds" section. Subscriptions will be accepted or rejected within 30 days of receipt by the Wells REIT, and if rejected, all funds shall be returned to the rejected subscribers within ten business days.

We may sell shares to retirement plans of broker-dealers participating in the offering, to broker-dealers in their individual capacities, to IRAs and qualified plans of their registered representatives or to any one of their registered representatives in their individual capacities for 93% of the public offering price in consideration of the services rendered by such broker-dealers and registered representatives in the offering. The net proceeds to the Wells REIT from such sales will be identical to net proceeds we receive from other sales of shares.

In connection with sales of 25,000 or more shares (\$250,000) to a

"purchaser" as defined below, investors may agree with their registered representatives to reduce the amount of selling commissions payable to participating broker-dealers. Such reduction will be credited to the purchaser by reducing the total purchase price payable by such purchaser. The following table illustrates the various discount levels:

Dollar Volume of Shares Purchased -----	Sales Commissions		Net	Dealer	Net
	Percent	Per Share	Purchase Price Per Share	Manager Fee Per Share	Proceeds Per Share
-----	-----	-----	-----	-----	-----
Under \$250,000	7.0%	\$0.7000	\$10.000	\$0.25	\$9.05
\$250,000-\$499,999	6.0%	\$0.5936	\$9.8936	\$0.25	\$9.05
\$500,000-\$749,999	5.0%	\$0.4895	\$9.7895	\$0.25	\$9.05
\$750,000-\$999,999	3.0%	\$0.2876	\$9.5876	\$0.25	\$9.05
\$1,000,000-\$1,999,999	1.0%	\$0.0939	\$9.3939	\$0.25	\$9.05
\$2,000,000 and Over	0.5%	\$0.0467	\$9.3467	\$0.25	\$9.05

For example, if an investor purchases 100,000 shares, he could pay as little as \$939,390 rather than \$1,000,000 for the shares in which event the commission on the sale of such shares would be \$9,390 (\$0.0939 per share), and we would receive net proceeds of \$905,000 (\$9.05 per share). The net proceeds to the Wells REIT will not be affected by volume discounts. In addition, as stated above, we may reimburse nonaffiliated broker-dealers an additional amount of up to .5% of offering proceeds for actual due diligence expenses incurred.

Because all investors will be deemed to have contributed the same amount per share to the Wells REIT for purposes of declaring and paying dividends, an investor qualifying for a volume discount will receive a higher return on his investment than investors who do not qualify for such discount.

Subscriptions may be combined for the purpose of determining the volume discounts in the case of subscriptions made by any "purchaser," as that term is defined below, provided all such shares are purchased through the same broker-dealer. The volume discount shall be prorated among the separate subscribers considered to be a single "purchaser." Any request to combine more than one subscription must be made in writing, and must set forth the basis for such request. Any such request will be subject to verification by the advisor partners that all of such subscriptions were made by a single "purchaser."

For the purposes of such volume discounts, the term "purchaser" includes:

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- . an individual, his or her spouse and their children under the age of 21 who purchase the units for his, her or their own accounts;
- . a corporation, partnership, association, joint-stock company, trust fund or any organized group of persons, whether incorporated or not;
- . an employees' trust, pension, profit sharing or other employee benefit plan qualified under Section 401(a) of the Internal Revenue Code; and
- . all commingled trust funds maintained by a given bank.

Notwithstanding the above, in connection with volume sales made to investors in the Wells REIT, the advisor may, in its sole discretion, waive the "purchaser" requirements and aggregate subscriptions, including subscriptions to public real estate programs previously sponsored by the advisor, or its affiliates, as part of a combined order for purposes of determining the number of shares purchased, provided that any aggregate group of subscriptions must be received from the

same broker-dealer, including the Dealer Manager. Any such reduction in selling commission will be prorated among the separate subscribers except that, in the case of purchases through the Dealer Manager, the Dealer Manager may allocate such reduction among separate subscribers considered to be a single "purchaser" as it deems appropriate. An investor may reduce the amount of his purchase price to the net amount shown in the foregoing table, if applicable. If such investor does not reduce the purchase price, the excess amount submitted over the discounted purchase price shall be returned to the actual separate subscribers for shares. Except as provided in this paragraph, separate subscriptions will not be cumulated, combined or aggregated.

In addition, in order to encourage purchases in amounts of 500,000 or more shares, a potential purchaser who proposes to purchase at least 500,000 shares may agree with the advisor and the Dealer Manager to have the acquisition and advisory fees payable to the advisor with respect to the sale of such shares reduced to 0.5%, to have the dealer manager fee payable to the Dealer Manager with respect to the sale of such shares reduced to 0.5%, and to have the selling commissions payable with respect to the sale of such shares reduced to 0.5%, in which event the aggregate fees payable with respect to the sale of such shares would be reduced by \$1.10 per share, and the purchaser of such shares would be required to pay a total of \$8.90 per share purchased, rather than \$10.00 per share. The net proceeds to the Wells REIT would not be affected by such fee reductions. Of the \$8.90 paid per share, we anticipate that approximately \$8.40 per share or approximately 94.4% will be used to acquire properties and pay required acquisition expenses relating to the acquisition of properties. All such sales must be made through registered broker-dealers.

California residents should be aware that volume discounts will not be available in connection with the sale of shares made to California residents to the extent such discounts do not comply with the provisions of Rule 260.140.51 adopted pursuant to the California Corporate Securities Law of 1968. Pursuant to this Rule, volume discounts can be made available to California residents only in accordance with the following conditions:

- . there can be no variance in the net proceeds to the Wells REIT from the sale of the shares to different purchasers of the same offering;
- . all purchasers of the shares must be informed of the availability of quantity discounts;

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- . the same volume discounts must be allowed to all purchasers of shares which are part of the offering;
- . the minimum amount of shares as to which volume discounts are allowed cannot be less than \$10,000;
- . the variance in the price of the shares must result solely from a different range of commissions, and all discounts allowed must be based on a uniform scale of commissions; and
- . no discounts are allowed to any group of purchasers.

Accordingly, volume discounts for California residents will be available in accordance with the foregoing table of uniform discount levels based on dollar volume of shares purchased, but no discounts are allowed to any group of purchasers, and no subscriptions may be aggregated as part of a combined order for purposes of determining the number of shares purchased.

Investors who, in connection with their purchase of shares, have engaged the services of a registered investment advisor with whom the investor has agreed to pay a fee for investment advisory services in lieu of normal commissions based on the volume of securities sold may agree with the participating broker-dealer selling such shares and the Dealer Manager to reduce the amount of selling commissions payable with respect to such sale to zero. The net proceeds to the Wells REIT will not be affected by eliminating the

commissions payable in connection with sales to investors purchasing through such investment advisors. All such sales must be made through registered broker-dealers.

Neither the Dealer Manager nor its affiliates will directly or indirectly compensate any person engaged as an investment advisor by a potential investor as an inducement for such investment advisor to advise favorably for investment in the Wells REIT.

In addition, subscribers for shares may agree with their participating broker-dealers and the Dealer Manager to have selling commissions due with respect to the purchase of their shares paid over a six year period pursuant to a deferred commission arrangement. Shareholders electing the deferred commission option will be required to pay a total of \$9.40 per share purchased upon subscription, rather than \$10.00 per share, with respect to which \$0.10 per share will be payable as commissions due upon subscription. For the period of six years following subscription, \$0.10 per share will be deducted on an annual basis from dividends or other cash distributions otherwise payable to the shareholders and used by the Wells REIT to pay deferred commission obligations. The net proceeds to the Wells REIT will not be affected by the election of the deferred commission option. Under this arrangement, a shareholder electing the deferred commission option will pay a 1% commission upon subscription, rather than a 7% commission, and an amount equal to a 1% commission per year thereafter for the next six years will be deducted from dividends or other cash distributions otherwise payable to such shareholder and used by the Wells REIT to satisfy commission obligations. The foregoing commission amounts may be adjusted with approval of the Dealer Manager by application of the volume discount provisions described previously.

Shareholders electing the deferred commission option who are subject to federal income taxation will incur tax liability for dividends or other cash distributions otherwise payable to them with

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respect to their shares even though such dividends or other cash distributions will be withheld from such shareholders and will instead be paid to third parties to satisfy commission obligations.

Investors who wish to elect the deferred commission option should make the election on their Subscription Agreement Signature Page. Election of the deferred commission option shall authorize the Wells REIT to withhold dividends or other cash distributions otherwise payable to such shareholder for the purpose of paying commissions due under the deferred commission option; provided, however, that in no event may the Wells REIT withhold in excess of \$0.60 per share in the aggregate under the deferred commission option. Such dividends or cash distributions otherwise payable to shareholders may be pledged by the Wells REIT, the Dealer Manager, the advisor or their affiliates to secure one or more loans, the proceeds of which would be used to satisfy sales commission obligations.

In the event that listing of the shares occurs or is reasonably anticipated to occur at any time prior to the satisfaction of our remaining commission obligations, the remaining commissions due under the deferred commission option may be accelerated by the Wells REIT. In such event, we shall provide notice of such acceleration to shareholders who have elected the deferred commission option. The amount of the remaining commissions due shall be deducted and paid by the Wells REIT out of dividends or other cash distributions otherwise payable to such shareholders during the time period prior to listing; provided that, in no event may the Wells REIT withhold in excess of \$0.60 per share in the aggregate. To the extent that the distributions during such time period are insufficient to satisfy the remaining commissions due, the obligation of Wells REIT and our shareholders to make any further payments of deferred commissions under the deferred commission option shall terminate, and participating broker-dealers will not be entitled to receive any further portion of their deferred commissions following listing of our shares.

Supplemental Sales Material

In addition to this prospectus, we may utilize certain sales material in connection with the offering of the shares, although only when accompanied by or preceded by the delivery of this prospectus. In certain jurisdictions, some or all of such sales material may not be available. This material may include information relating to this offering, the past performance of the advisor and its affiliates, property brochures and articles and publications concerning real estate. In addition, the sales material may contain certain quotes from various publications without obtaining the consent of the author or the publication for use of the quoted material in the sales material.

The offering of shares is made only by means of this prospectus. Although the information contained in such sales material will not conflict with any of the information contained in this prospectus, such material does not purport to be complete, and should not be considered a part of this prospectus or the registration statement of which this prospectus is a part, or as incorporated by reference in this prospectus or said registration statement or as forming the basis of the offering of the shares.

Legal Opinions

The legality of the shares being offered hereby has been passed upon for the Wells REIT by Holland & Knight LLP (Counsel). The statements under the caption "Federal Income Tax

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Consequences" as they relate to federal income tax matters have been reviewed by such counsel, and counsel has opined as to certain income tax matters relating to an investment in the Wells REIT. Counsel has represented the advisor, as well as affiliates of the advisor, in other matters and may continue to do so in the future. (See "Conflicts of Interest.")

Experts

Audited Financial Statements

The financial statements of the Wells REIT as of December 31, 1998 and 1997, and for each of the years in the two year period ended December 31, 1998, included in this prospectus and elsewhere in the registration statement, have been audited by Arthur Andersen LLP, independent public accountants, as indicated in their report with respect thereto, and are included in this prospectus in reliance upon the authority of said firm as experts in giving said report.

The financial statements of Fund IX and X Associates as of December 31, 1997 and for the period from inception (March 20, 1997) to December 31, 1997, included in this prospectus and elsewhere in the registration statement, have been audited by Arthur Andersen LLP, independent public accountants, as indicated in their report with respect thereto, and are included in this prospectus in reliance upon the authority of said firm as experts in giving said report.

The Statements of Revenues over Certain Operating Expenses of the Iomega Building for the year ended December 31, 1997; the Cort Furniture Building for the year ended December 31, 1997; the Fairchild Building for the year ended December 31, 1997; the Vanguard Cellular Building for the period from inception (November 16, 1998) to December 31, 1998; the EYBL CarTex Building for the year ended December 31, 1998; and the Sprint Building for the year ended December 31, 1998, which are included in this prospectus and elsewhere in the registration statement, have been audited by Arthur Andersen LLP, independent public accountants, as indicated in their reports with respect thereto, and are included in this prospectus in reliance upon the authority of said firm as experts in giving said reports.

Unaudited Financial Statements

The interim financial information of the Wells REIT as of September 30, 1999 and for the nine month periods ended September 30, 1999 and 1998, which are included in this prospectus, have not been audited.

The interim financial information of Fund IX and X Associates as of March 31, 1998 and for the three months ended March 31, 1998, which are included in this prospectus, have not been audited.

The Statements of Revenues over Certain Operating Expenses of the Lucent Building for the three months ended March 31, 1998; the Iomega Building for the six months ended June 30, 1998; the Cort Furniture Building for the six months ended June 30, 1998; the Fairchild Building for the six months ended June 30, 1998; the EYBL CarTex Building for the three months ended March 31, 1999; and the Sprint Building for the three months ended March 31, 1999, which are included in this prospectus, have not been audited.

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The pro forma financial information for Wells Real Estate Investment Trust, Inc. for the year ended December 31, 1998 and for the three months ended March 31, 1999, which are included in this prospectus, have not been audited.

Additional Information

We have filed with the Securities and Exchange Commission (Commission), Washington, D.C., a registration statement under the Securities Act of 1933, as amended, with respect to the shares offered pursuant to this prospectus. This prospectus does not contain all the information set forth in the registration statement and the exhibits related thereto filed with the Commission, reference to which is hereby made. Copies of the registration statement and exhibits related thereto, as well as periodic reports and information filed by the Wells REIT, may be obtained upon payment of the fees prescribed by the Commission, or may be examined at the offices of the Commission without charge, at:

- . the public reference facilities in Washington, D.C. at Judiciary Plaza, Room 1024, 450 Fifth Street, N.W., Washington, D.C. 20549;
- . the Northeast Regional Office in New York at 7 World Trade Center, Suite 1300, New York, New York 10048; and
- . the Midwest Regional Office in Chicago, Illinois at 500 West Madison Street, Suite 1400, Chicago, Illinois 66661-2511.

The Commission maintains a Web site that contains reports, proxy and information statements and other information regarding registrants that file electronically with the Commission. The address of the Commission's website is <http://www.sec.gov>.

Glossary

The following are definitions of certain terms used in this prospectus and not otherwise defined in this prospectus:

"Dealer Manager" means Wells Investment Securities, Inc.

"IRA" means an individual retirement account established pursuant to Section 408 or Section 408A of the Internal Revenue Code.

"NASAA Guidelines" means the Statement of Policy Regarding Real Estate Investment Trusts of the North American Securities Administrators Association, Inc., as revised and adopted on September 29, 1993.

"Property Manager" means Wells Management Company, Inc.

"UBTI" means unrelated business taxable income, as that term is defined in Sections 511 through 514 of the Internal Revenue Code.

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[LETTERHEAD OF ARTHUR ANDERSEN LLP APPEARS HERE]

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, 1998 and 1997 and the related consolidated statements of income, shareholders' equity, and cash flows for the year ended December 31, 1998. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the 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, 1998 and 1997 and the results of their operations and their cash flows for the year ended December 31, 1998 in conformity with generally accepted accounting principles.

/s/ Arthur Andersen LLP

Atlanta, Georgia
January 27, 1999

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WELLS REAL ESTATE INVESTMENT TRUST, INC.

AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 1998 AND 1997

ASSETS	1998 ----	1997 ----
REAL ESTATE ASSETS, at cost:		
Land	\$ 1,520,834	\$ 0
Building	20,076,845	0
	-----	-----
Total real estate assets	21,597,679	0
INVESTMENT IN JOINT VENTURES	11,568,677	0
CASH AND CASH EQUIVALENTS	7,979,403	201,000
DEFERRED OFFERING COSTS	548,729	289,073
DEFERRED PROJECT COSTS	335,421	0
DUE FROM AFFILIATES	262,345	0
PREPAID EXPENSES AND OTHER ASSETS	540,319	0
	-----	-----
Total assets	\$42,832,573	\$490,073
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES:		
Accounts payable and accrued expenses	\$ 187,827	\$ 0
Note payable	14,059,930	0
Shareholder distributions payable	408,176	0
Due to affiliate	554,953	289,073
	-----	-----
Total liabilities	15,210,886	289,073
	-----	-----
MINORITY INTEREST OF UNIT HOLDER IN OPERATING PARTNERSHIP	200,000	200,000
	-----	-----
SHAREHOLDERS' EQUITY:		
Common shares, \$.01 par value; 16,500,000 shares authorized, 3,154,136 and 100 shares issued and outstanding, respectively	31,154	1
Additional paid-in capital	27,056,112	999
Retained earnings	334,034	0
	-----	-----
Total shareholders' equity	27,421,687	1,000
	-----	-----
Total liabilities and shareholders' equity	\$42,832,573	\$490,073
	=====	=====

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 STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 1998

REVENUES:

Rental income	\$ 20,994
Equity in income of joint ventures	263,315
Interest income	110,869

	395,178

EXPENSES:

Operating costs, net of reimbursements	11,033
General and administrative	29,943
Legal and accounting	19,552
Computer costs	616

	61,144

NET INCOME	\$334,034
	=====

EARNINGS PER SHARE:

Basic and diluted	\$ 0.40
	=====

The accompanying notes are an integral part of this consolidated statement.

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WELLS REAL ESTATE INVESTMENT TRUST, INC.
AND SUBSIDIARY
CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 1998

	Common Stock		Additional	Retained	Total
	Shares	Amount	Paid-In Capital	Earnings	Shareholders' Equity
	-----	-----	-----	-----	-----
BALANCE, December 31, 1997	100	\$ 1	\$ 999	\$ 0	\$ 1,000
Issuance of common stock	3,154,036	31,540	31,508,820	0	31,540,360
Net income	0	0	0	334,034	334,034
Distributions	0	0	(511,163)	0	(511,163)
Sales commissions	0	0	(2,996,334)	0	(2,996,334)
Other offering expenses	0	0	(946,210)	0	(946,210)
	-----	-----	-----	-----	-----
BALANCE, December 31, 1998	3,154,136	\$31,541	\$27,056,112	\$334,034	\$27,421,687
	=====	=====	=====	=====	=====

The accompanying notes are an integral part of this consolidated statement.

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WELLS REAL ESTATE INVESTMENT TRUST, INC.

AND SUBSIDIARY

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 1998

CASH FLOWS FROM OPERATING ACTIVITIES:	
Net income	\$ 334,034

Adjustments to reconcile net income to net cash used in operating activities:	
Equity in income of joint ventures	(263,315)
Changes in assets and liabilities:	
Prepaid expenses and other assets	(540,319)
Accounts payable and accrued expenses	187,827
Due to affiliates	6,224

Total adjustments	(609,583)

Net cash used in operating activities	(275,549)

CASH FLOWS FROM INVESTING ACTIVITIES:	
Investment in real estate	(21,299,071)
Investment in joint ventures	(11,276,007)
Deferred project costs paid	(1,103,913)
Distributions received from joint ventures	178,184

Net cash used in investing activities	(33,500,807)

CASH FLOWS FROM FINANCING ACTIVITIES:	
Proceeds from note payable	14,059,930
Distributions	(102,987)
Issuance of common stock	31,540,360
Sales commission paid	(2,996,334)
Offering costs paid	(946,210)

Net cash provided by financing activities	41,554,759

NET INCREASE IN CASH AND CASH EQUIVALENTS	7,778,403
CASH AND CASH EQUIVALENTS, beginning of year	201,000

CASH AND CASH EQUIVALENTS, end of year	\$ 7,979,403
	=====
SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING ACTIVITIES:	
Deferred project costs applied to real estate assets	\$ 298,608
	=====
Deferred project costs contributed to joint ventures	\$ 469,884
	=====

The accompanying notes are an integral part of this consolidated statement.

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WELLS REAL ESTATE INVESTMENT TRUST, INC.

AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 1998 AND 1997

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 15,000,000 (exclusive of 1,500,000 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. During 1997, the Company sold 100 shares to Wells

Capital, Inc. (the "Advisor") at the proposed initial public offering 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 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 Company owns interests in several properties through a joint venture among the Operating Partnership, Wells Real Estate Fund IX, L.P. ("Wells Fund IX"), Wells Real Estate Fund X, L.P. ("Wells Fund X"), and Wells Real Estate Fund XI, L.P. ("Wells Fund XI"). This joint venture is referred to as the Fund IX, Fund X, Fund XI, and REIT Joint Venture ("Fund IX, X, XI, and REIT Joint Venture"). In addition, the Company owns two properties through joint ventures between the Operating Partnership and a joint venture between Wells Fund X and Wells Fund XI, referred to as "Fund X and XI Associates." In addition, the Operating Partnership directly owns an office building in Tampa, Florida. Through its investment in the Fund IX, X, XI, and REIT Joint Venture, the Company owns interests in the following properties: (i) a three-story office building in Knoxville, Tennessee (the "ABB Building"), (ii) a two-story office

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building in Louisville, Colorado (the "Ohmeda Building"), (iii) a three-story office building in Broomfield, Colorado (the "360 Interlocken Building"), (iv) a one-story warehouse facility in Ogden, Utah (the "Iomega Building"), and (v) a one-story office building in Oklahoma City, Oklahoma (the "Lucent Technologies Building").

The following properties are owned by the Operating Partnership through investments in joint ventures with Fund X and XI Associates: (i) a one-story office and warehouse building in Fountain Valley, California (the "Cort Furniture Building") owned by Wells/Orange County Associates and (ii) a warehouse and office building in Fremont, California (the "Fairchild Building") owned by Wells/Fremont Associates.

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.

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, 1998.

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.

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Investment in Joint Ventures

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.

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.

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.

Cash and Cash Equivalents

For the purposes of the statement 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.

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, 1998 were \$1,103,913 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, 1998 represent fees not yet applied to properties.

3. DEFERRED OFFERING COSTS

Organization and offering expenses, to the extent they exceed 3% of gross

proceeds, will be paid by the Advisor and not by the Company. Organization and offering expenses do not include sales or underwriting commissions but do include such costs as legal and accounting fees, printing costs, and other offering expenses.

As of December 31, 1998 and 1997, the Advisor had paid organization and offering expenses related to the Company of \$946,211 and \$0, respectively.

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4. RELATED-PARTY TRANSACTIONS

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

Fund IX, X, XI, and REIT Joint Venture	\$ 38,360
Wells/Orange County Associates	77,123
Wells/Fremont Associates	146,862

	\$262,345
	=====

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

The Operating Partnership's portion of the management and leasing fees and lease acquisition costs paid to Wells Management by the joint ventures was \$5,673 for the year ended December 31, 1998.

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, 1998 is summarized as follows:

	Amount	Percent
	-----	-----
Fund IX, X, XI, and REIT Joint Venture	\$ 1,443,378	4%
Wells/Orange County Associates	2,958,617	44
Wells/Fremont Associates	7,166,682	78

	\$11,568,677	
	=====	

The following is a roll forward of the Operating Partnership's investment in joint ventures for the year ended December 31, 1998:

Investment in joint ventures, beginning of year	\$	0
Equity in income of joint ventures		263,315
Contributions to joint ventures		11,745,890
Distributions from joint venture		(440,528)

Investment in joint ventures, end of year		\$11,568,677
		=====

Fund IX, X, XI, and REIT Joint Venture

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

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

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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, 1998 and 1997

Assets

1998	1997
-----	-----

Real estate assets, at cost:		
Land	\$ 6,454,213	\$ 607,930
Building and improvements, less accumulated depreciation of \$1,253,156 in 1998 and \$36,863 in 1997	30,686,845	6,445,300
Construction in progress	990	35,622
	-----	-----
Total real estate assets	37,142,048	7,088,852
Cash and cash equivalents	1,329,457	289,171
Accounts receivable	133,257	40,512
Prepaid expenses and other assets	441,128	329,310
	-----	-----
Total assets	\$39,045,890	\$7,747,845
	=====	=====

Liabilities and Partners' Capital

Liabilities:		
Accounts payable	\$ 409,737	\$ 379,770
Due to affiliates	4,406	2,479
Partnership distributions payable	1,000,127	0
	-----	-----
Total liabilities	1,414,270	382,249
Partners' capital:		
Wells Real Estate Fund IX	14,960,100	3,702,793
Wells Real Estate Fund X	18,707,139	3,662,803
Wells Real Estate Fund XI	2,521,003	0
Wells Operating Partnership, L.P.	1,443,378	0
	-----	-----
Total partners' capital	37,631,620	7,365,596
	-----	-----
Total liabilities and partners' capital	\$39,045,890	\$7,747,845
	=====	=====

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The Fund IX, X, XI, and REIT Joint Venture
(A Georgia Joint Venture)
Statements of Income (Loss)
for the Year Ended December 31, 1998 and
for the Period from Inception (March 20, 1997) to December 31, 1997

	1998	1997
	-----	-----
Revenues:		
Rental income	\$2,945,980	\$ 28,512
Interest income	20,438	0
	-----	-----
	2,966,418	28,512
Expenses:		
Depreciation	1,216,293	36,863
Management and leasing fees	226,643	1,711
Operating costs, net of reimbursements	(140,506)	10,118
Property administration	34,821	0
Legal and accounting	15,351	0
	-----	-----
	1,352,602	48,692
	-----	-----
Net income (loss)	\$1,613,816	\$(20,180)
	=====	=====
Net income (loss) allocated to Wells Real Estate Fund IX	\$ 692,116	\$(10,145)
	=====	=====
Net income (loss) allocated to Wells Real Estate Fund X	\$ 787,481	\$(10,035)
	=====	=====
Net income allocated to Wells Real Estate Fund XI	\$ 85,352	\$ 0
	=====	=====

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 Sheet
December 31, 1998

Assets

Real estate assets, at cost:	
Land	\$2,187,501
Building, less accumulated depreciation of \$92,087	4,572,028

Total real estate assets	6,759,529
Cash and cash equivalents	180,895
Accounts receivable	13,123

Total assets	\$6,953,547
	=====

Liabilities and Partners' Capital

Liabilities:	
Accounts payable	\$ 1,550
Partnership distributions payable	176,614

Total liabilities	178,164

Partners' capital:	
Wells Operating Partnership, L.P.	2,958,617
Fund X and XI Associates	3,816,766

Total partners' capital	6,775,383

Total liabilities and partners' capital	\$6,953,547
	=====

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Wells/Orange County Associates
(A Georgia Joint Venture)
Statement of Income
for the Period From Inception (July 27, 1998)
to December 31, 1998

Revenues:	
Rental income	\$331,477
Interest income	448

	331,925
Expenses:	
Depreciation	92,087

Management and leasing fees	12,734
Operating costs, net of reimbursements	2,288
Interest	29,472
Legal and accounting	3,930

	140,511

Net income	\$191,414
	=====
Net income allocated to Wells Operating Partnership, L.P.	\$ 91,978
	=====
Net income allocated to Fund X and XI Associates	\$ 99,436
	=====

Wells/Orange County Associates
(A Georgia Joint Venture)
Statement of Partners' Capital
for the Period From Inception (July 27, 1998)
to December 31, 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
	=====	=====	=====

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Wells/Orange County Associates
(A Georgia Joint Venture)
Statement of Cash Flows
for the Period From Inception (July 27, 1998)
to December 31, 1998

Cash flows from operating activities:	
Net income	\$ 191,414
Adjustments to reconcile net income to net cash provided by operating activities:	-----
Depreciation	92,087
Changes in assets and liabilities:	
Accounts receivable	(13,123)
Accounts payable	1,550

Total adjustments	80,514

Net cash provided by operating activities	271,928

Cash flows from investing activities:	
Investment in real estate	(6,563,700)

Cash flows from financing activities:	

Issuance of note payable	4,875,000
Payment of note payable	(4,875,000)
Distributions to partners	(93,763)
Contributions received from partners	6,566,430

Net cash provided by financing activities	6,472,667

Net increase in cash and cash equivalents	180,895
Cash and cash equivalents, beginning of period	0

Cash and cash equivalents, end of year	\$ 180,895
	=====
Supplemental disclosure of noncash investing activities:	
Deferred project costs contributed	\$ 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 Sheet
December 31, 1998

Assets

Real estate assets, at cost:	
Land	\$2,219,251
Building, less accumulated depreciation of \$142,720	6,995,439

Total real estate assets	9,214,690
Cash and cash equivalents	192,512
Accounts receivable	34,742

Total assets	\$9,441,944
	=====

Liabilities and Partners' Capital

Liabilities:	
Accounts payable	\$ 3,565
Due to affiliate	2,052
Partnership distributions payable	189,490

Total liabilities	195,107

Partners' capital:	
Wells Operating Partnership, L.P.	7,166,682
Fund X and XI Associates	2,080,155

Total partners' capital	9,246,837

Total liabilities and partners' capital	\$9,441,944
	=====

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Wells/Fremont Associates
(A Georgia Joint Venture)
Statement of Income
for the Period From Inception (July 15, 1998)
to December 31, 1998

Revenues:	
Rental income	\$401,058
Interest income	3,896

	404,954

Expenses:	
Depreciation	142,720
Management and leasing fees	16,726
Operating costs, net of reimbursements	3,364
Interest	73,919
Legal and accounting	6,306

	243,035

Net income	\$161,919
	=====
Net income allocated to Wells Operating Partnership, L.P.	\$122,470
	=====
Net income allocated to Fund X and XI Associates	\$ 39,449
	=====

Wells/Fremont Associates
(A Georgia Joint Venture)
Statement of Partners' Capital
for the Period From Inception (July 15, 1998)
to December 31, 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
	=====	=====	=====

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Statement of Cash Flows
for the Period From Inception (July 15, 1998)
to December 31, 1998

Cash flows from operating activities:	
Net income	\$ 161,919

Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	142,720
Changes in assets and liabilities:	
Accounts receivable	(34,742)
Accounts payable	3,565
Due to affiliate	2,052

Total adjustments	113,595

Net cash provided by operating activities	275,514

Cash flows from investing activities:	
Investment in real estate	(8,983,111)
Cash flows from financing activities:	
Issuance of note payable	5,960,000
Payment of note payable	(5,960,000)
Distributions to partners	(83,001)
Contributions received from partners	8,983,110

Net cash provided by financing activities	8,900,109

Net increase in cash and cash equivalents	192,512
Cash and cash equivalents, beginning of period	0

Cash and cash equivalents, end of year	\$ 192,512
	=====
Supplemental disclosure of noncash investing activities:	
Deferred project costs contributed	\$ 374,299
	=====

6. INCOME TAX BASIS NET INCOME AND PARTNERS' CAPITAL

The Operating Partnership's income tax basis net income for the year ended December 31, 1998 is calculated as follows:

Financial statement net income	\$334,034
Increase (decrease) in net income resulting from	
Depreciation expense for financial reporting purposes in excess of amounts for income tax purposes	82,618
Rental income accrued for financial reporting purposes in excess of amounts for income tax purposes	(35,427)
Expenses capitalized for income tax purposes, deducted for financial reporting purposes	1,634

Income tax basis net income	\$382,859
	=====

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

Financial statement partners' capital	\$27,421,687
Increase (decrease) in partners' capital resulting from:	
Depreciation expense for financial reporting purposes in excess of amounts for income tax purposes	82,618
Capitalization of syndication costs for income tax purposes, which are accounted for as cost of capital for financial reporting purposes	3,942,545
Accumulated rental income accrued for financial reporting purposes in excess of amounts for income tax purposes	(35,427)
Accumulated expenses capitalized for income tax purposes, deducted for financial reporting purposes	1,634
Operating Partnership's distributions payable	408,176

Income tax basis partners' capital	\$31,821,233
	=====

7. RENTAL INCOME

The future minimum rental income due from the Operating Partnership's direct investment in real estate or its respective ownership interest in the joint ventures under noncancelable operating leases at December 31, 1998 is as follows:

Year ended December 31:

1999	\$ 3,056,108
2000	3,130,347
2001	3,229,087
2002	3,306,364
2003	3,332,111
Thereafter	12,865,333

	\$28,919,350
	=====

Two tenants contributed 47% and 35% of rental income, which is included in equity in income of joint ventures for the year ended December 31, 1998. In addition, one tenant will contribute 77% of future minimum rental income.

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The future minimum rental income due the Fund IX, X, XI, and REIT Joint Venture under noncancelable operating leases at December 31, 1998 is as follows:

Year ended December 31:

1999	\$ 3,689,498
2000	3,615,011
2001	3,542,714
2002	3,137,241
2003	3,196,100
Thereafter	8,225,566

	\$25,406,130
	=====

Three significant tenants contributed 31%, 26%, and 13% of rental income for the year ended December 31, 1998. In addition, four significant tenants will contribute 27%, 25%, 21%, and 15% of future minimum rental income.

The future minimum rental income due Wells/Orange County Associates under noncancelable operating leases at December 31, 1998 is as follows:

Year ended December 31:

1999	\$ 758,964
2000	758,964
2001	809,580
2002	834,888
2003	695,740

	\$3,858,136
	=====

One tenant contributed 100% of rental income for the year ended December 31,

1998 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, 1998 is as follows:

Year ended December 31:

1999	\$ 844,167
2000	869,492
2001	895,577
2002	922,444
2003	950,118
Thereafter	894,832

	\$5,376,630
	=====

One tenant contributed 100% of rental income for the year ended December 31, 1998 and will contribute 100% of future minimum rental income.

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8. 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.

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Fund IX and X Associates:

We have audited the accompanying balance sheet of FUND IX AND X ASSOCIATES (a Georgia Joint Venture) as of December 31, 1997 and the related statements of loss, partners' capital, and cash flows for the period from inception (March 20, 1997) to December 31, 1997. These financial statements are the responsibility of the Joint Venture's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Fund IX and X Associates as of December 31, 1997 and the results of its operations and its cash flows for the period from inception (March 20, 1997) to December 31, 1997 in conformity with generally accepted accounting principles.

/s/ Arthur Andersen LLP

Atlanta, Georgia
January 9, 1998

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FUND IX AND X ASSOCIATES
(A Georgia Joint Venture)

BALANCE SHEETS

MARCH 31, 1998 AND DECEMBER 31, 1997

ASSETS	1998 ----- (Unaudited)	1997 -----
REAL ESTATE ASSETS, AT COST:		
Land	\$ 5,004,893	\$ 607,930
Building and improvements, less accumulated depreciation of \$205,915 in 1998 and \$36,863 in 1997	22,005,710	6,445,300
Construction in progress	6,498	35,622
	-----	-----
Total real estate assets	27,017,101	7,088,852
CASH AND CASH EQUIVALENTS	390,276	289,171
ACCOUNTS RECEIVABLE	150,402	40,512
PREPAID EXPENSES AND OTHER ASSETS	383,399	329,310
	-----	-----
Total assets	\$27,941,178 =====	\$7,747,845 =====
LIABILITIES AND PARTNERS' CAPITAL		
LIABILITIES:		
Accounts payable	\$ 385,072	\$ 379,770
Due to affiliates	2,281	2,479
	-----	-----
Total liabilities	387,353	382,249
	-----	-----
PARTNERS' CAPITAL:		
Wells Real Estate Fund IX	14,569,085	3,702,793
Wells Real Estate Fund X	12,984,740	3,662,803
	-----	-----
Total partners' capital	27,553,825	7,365,596
	-----	-----
Total liabilities and partners' capital	\$27,941,178 =====	\$7,747,845 =====

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

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FUND IX AND X ASSOCIATES
(A Georgia Joint Venture)

STATEMENTS OF INCOME (LOSS)

FOR THE THREE MONTHS ENDED MARCH 31, 1998
AND THE PERIOD FROM INCEPTION (MARCH 20, 1997)
TO DECEMBER 31, 1997

	1998 ----- (Unaudited)	1997 -----
REVENUES:		
Rental income	\$351,203	\$ 28,512
	-----	-----
EXPENSES:		
Depreciation and amortization	178,881	36,863
Management and leasing fees	22,838	1,711
Operating costs, net of reimbursements	24,052	10,118
Property administration	5,632	0
	-----	-----
	231,403	48,692
	-----	-----
NET INCOME (LOSS)	\$119,800	\$ (20,180)
	=====	=====
NET INCOME (LOSS) ALLOCATED TO WELLS REAL ESTATE FUND IX	\$ 57,858	\$ (10,145)
	=====	=====
NET INCOME (LOSS) ALLOCATED TO WELLS REAL ESTATE FUND X	\$ 61,942	\$ (10,035)
	=====	=====

The accompanying notes are an integral part of these statements.

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FUND IX AND X ASSOCIATES

(A Georgia Joint Venture)

STATEMENTS OF PARTNERS' CAPITAL

FOR THE THREE MONTHS ENDED MARCH 31, 1998
AND THE PERIOD FROM INCEPTION (MARCH 20, 1997)
TO DECEMBER 31, 1997

	Wells Real Estate Fund IX -----	Wells Real Estate Fund X -----	Total Partners' Capital -----
BALANCE, December 31, 1996	\$ 0	\$ 0	\$ 0
Net loss	(10,145)	(10,035)	(20,180)
Partnership contributions	3,712,938	3,672,838	7,385,776
	-----	-----	-----
BALANCE, December 31, 1997	3,702,793	3,662,803	7,365,596
Partnership distributions	(100,863)	(101,419)	(202,282)

Net income	57,858	61,942	119,800
Partnership contributions	10,909,297	9,361,414	20,270,711
	-----	-----	-----
BALANCE, March 31, 1998 (unaudited)	\$14,569,085	\$12,984,740	\$27,553,825
	=====	=====	=====

The accompanying notes are an integral part of these statements.

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FUND IX AND X ASSOCIATES

(A Georgia Joint Venture)

STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED MARCH 31, 1998

AND THE PERIOD FROM INCEPTION (MARCH 20, 1997)

TO DECEMBER 31, 1997

	1998 ----- (Unaudited)	1997 -----
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	\$ 119,800	\$ (20,180)
	-----	-----
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation	178,881	36,863
Changes in assets and liabilities:		
Accounts receivable	(109,890)	(40,512)
Prepaid expenses and other assets	(54,089)	(329,310)
Accounts payable	5,302	379,770
Due to affiliates	(198)	2,479
	-----	-----
Total adjustments	20,006	49,290
	-----	-----
Net cash provided by operating activities	139,806	29,110
	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment in real estate from partners	(19,123,419)	(5,715,847)
	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES:		
Distributions to joint venture partners	(202,282)	0
Contributions received from partners	19,287,000	5,975,908
	-----	-----
Net cash provided by financing activities	19,084,718	5,975,908
	-----	-----
NET INCREASE IN CASH AND CASH EQUIVALENTS	101,105	289,171
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	289,171	0
	-----	-----
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 390,276	\$ 289,171
	=====	=====
SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES:		
Deferred project costs applied by partners, net of deferred project costs transferred	\$ 983,711	\$ 318,981
	=====	=====
Contribution of real estate assets	\$ 0	\$ 1,090,887
	=====	=====

The accompanying notes are an integral part of these statements.

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FUND IX AND X ASSOCIATES

(A Georgia Joint Venture)

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 1998 AND DECEMBER 31, 1997

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Business

On March 20, 1997, Fund IX and X Associates (a joint venture between Wells Real Estate Fund IX, L.P. ("Fund IX") and Wells Real Estate Fund X, L.P. ("Fund X") was formed to acquire, develop, operate, and sell real properties. On March 20, 1997, Fund IX contributed a 5.62-acre tract of real property in Knoxville, Tennessee, and improvements thereon, known as the ABB Property, to Fund IX and X Associates (the "Joint Venture"). A 83,885-square-foot, three-story office building was constructed and commenced operations at the end of 1997.

Cash and Cash Equivalents

For the purposes of the statements of cash flows, the Joint Venture 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.

Use of Estimates and Factors Affecting the Partnership

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

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Income Taxes

The Joint Venture is not subject to federal or state income taxes, and therefore, none have been provided for in the accompanying financial statements. The partners of Fund IX and Fund X are required to include their respective shares of profits and losses in their individual income tax returns.

Real Estate Assets

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

Management continually monitors events and changes in circumstances which could indicate that the carrying amounts of real estate assets may not be recoverable. When events or changes in circumstances are present that

indicate the carrying amounts of real estate assets may not be recoverable, management assesses the recoverability of real estate assets under Statement of Financial Accounting Standards No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed of," 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 believes that there has been no impairment in the carrying value of real estate assets held by the Joint Venture.

Depreciation of buildings and land 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 Joint Venture are classified as operating leases, and the related rental income is recognized on a straight-line basis over the terms of the respective leases.

Partners' Distributions and Allocations of Profit and Loss

Cash available for distribution and allocations of profit and loss to Fund IX and Fund X by the Joint Venture are made in accordance with the terms of the joint venture agreement. Generally, these items are allocated in proportion to the partners' respective ownership interests. Cash distributions are generally paid by the Joint Venture to Fund IX and Fund X quarterly.

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.

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2. DEFERRED PROJECT COSTS

The Wells Real Estate Funds pay a percentage of limited partner contributions to Wells Capital, Inc., an affiliate of the Joint Venture, for acquisition and advisory services. These payments, as stipulated by the partnership agreement, can be up to 5% of the limited partner contributions, subject to certain overall limitations contained in the partnership agreement. These fees are allocated to specific properties as they are purchased or developed and are included in capitalized assets of the Joint Venture.

3. FUTURE MINIMUM RENTAL INCOME

The future minimum rental income due Fund IX and X Associates under noncancelable operating leases at December 31, 1997 is as follows:

Year ending December 31:

1998	\$ 646,250
1999	646,250
2000	646,250
2001	646,250
2002	646,250
Thereafter	3,583,021

	\$6,814,271
	=====

4. COMMITMENTS AND CONTINGENCIES

Management, after consultation with legal counsel, is not aware of any significant litigation or claims against the Joint Venture or its partners. In the normal course of business, the Joint Venture or its partners may become subject to such litigation or claims.

5. SUBSEQUENT EVENTS (UNAUDITED)

On February 13, 1998, the Joint Venture acquired a two-story office building, the Ohmeda Building, a 106,750-square-foot office building located in Louisville, Colorado, for a cash purchase price of \$10,325,000 plus acquisition expenses of \$6,644. The building is 100% occupied by one tenant with an original lease term of ten years that commenced February 1, 1988. The lease term was extended for an additional seven years commencing February 1, 1998.

On March 20, 1998, the Joint Venture acquired the Interlocken Building, a 51,974-square-foot three-story multitenant office building located in Broomfield, Colorado, for a cash purchase price of \$8,275,000 plus acquisition expenses of \$18,000.

On June 11, 1998, Wells Operating Partnership, L.P. (of which Wells Real Estate Investment Trust, Inc. is the sole general partner) and Wells Real Estate Fund XI, L.P. were admitted to the Joint Venture. The Joint Venture agreement was

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restated and amended as such and was renamed the Fund IX, Fund X, Fund XI, and REIT Joint Venture.

On June 24, 1998, Fund IX, Fund X, Fund XI, and REIT Joint Venture acquired the Lucent Building, a one-story office building, from Wells Development Corporation, an affiliate of the Joint Venture, for a cash purchase price of \$5,504,276 which equaled the book value of the building. The building is 100% occupied by one tenant with an original lease term of ten years that commenced January 1, 1998.

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LUCENT BUILDING

STATEMENT OF REVENUES OVER CERTAIN

OPERATING EXPENSES

FOR THE THREE MONTHS ENDED MARCH 31, 1998

(Unaudited)

REVENUES:	
Rental revenue	\$137,817
OPERATING EXPENSES	675
REVENUES OVER OPERATING EXPENSES	----- \$137,142 =====

The accompanying notes are an integral part of this statement.

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LUCENT BUILDING

NOTES TO STATEMENT OF REVENUES OVER CERTAIN

OPERATING EXPENSES

FOR THE THREE MONTHS ENDED MARCH 31, 1998

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Description of Real Estate Property Acquired

On June 24, 1998, Wells Real Estate Fund IX, L.P., Wells Real Estate Fund X, L.P., Wells Real Estate Fund XI, L.P., and Wells Real Estate Investment Trust, Inc., through Fund IX, Fund X, Fund XI, and REIT Joint Venture (a Georgia joint venture), acquired the Lucent Building, a 57,186-square-foot one-story office building located in Oklahoma City, Oklahoma, for a cash purchase price of \$5,504,276. The building is 100% occupied by one tenant with an original lease term of 10 years that commenced January 1, 1998. The lease is a triple net lease, whereby the terms require the tenant to pay all operating expenses relating to the building.

Rental Revenues

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

2. BASIS OF ACCOUNTING

The accompanying statement of revenues over operating expenses are presented on the accrual basis. This statement has been prepared in accordance with the applicable rules and regulations of the Securities and Exchange Commission for real estate properties acquired. Accordingly, the statement excludes certain historical expenses, such as depreciation, interest, and management fees, not comparable to the operations of the Lucent Building after acquisition by Wells Real Estate Fund IX, L.P., Wells Real Estate Fund X, L.P., Wells Real Estate Fund XI, L.P., and Wells Real Estate Investment Trust, Inc.

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

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

We have audited the accompanying statement of revenues over certain operating expenses for the IOMEGA BUILDING for the year ended December 31, 1997. This financial statement is the responsibility of management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of revenues over certain operating expenses is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of revenues over certain operating expenses. An audit also includes assessing the

accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 2, this financial statement excludes certain expenses that would not be comparable with those resulting from the operations of the Iomega Building after acquisition by Fund IX, X, XI, and REIT Joint Venture (a joint venture between Wells Real Estate Fund IX, L.P., Wells Real Estate Fund X, L.P., Wells Real Estate Fund XI, L.P. and Wells Operating Partnership, L.P.). The accompanying statement of revenues over certain operating expenses was prepared for the purpose of complying with the rules and regulations of the securities and exchange commission and is not intended to be a complete presentation of the Iomega Building's revenues and expenses.

In our opinion, the statement of revenues over certain operating expenses presents fairly, in all material respects, the revenues over certain operating expenses of the Iomega Building for the year ended December 31, 1997 in conformity with generally accepted accounting principles.

/s/ Arthur Andersen LLP

Atlanta, Georgia
August 6, 1998

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IOMEGA BUILDING

STATEMENTS OF REVENUES OVER CERTAIN

OPERATING EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 1997

AND FOR THE SIX MONTHS ENDED JUNE 30, 1998

	1997 -----	1998 ----- (Unaudited)
RENTAL REVENUES	\$552,828	\$276,414
OPERATING EXPENSES, NET OF REIMBURSEMENTS	(1,426)	9,750
	-----	-----
REVENUES OVER CERTAIN OPERATING EXPENSES	\$554,254 =====	\$266,664 =====

The accompanying notes are an integral part of these statements.

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IOMEGA BUILDING

NOTES TO STATEMENTS OF REVENUES
OVER CERTAIN OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 1997

AND FOR THE SIX MONTHS ENDED JUNE 30, 1998

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Description of Real Estate Property Acquired

On July 1, 1998, Wells Real Estate Fund X, L.P. ("Fund X") contributed a single-story warehouse and office building with 108,000 rentable square feet (the "Iomega Building") to the Fund IX, Fund X, Fund XI, and REIT Joint Venture ("IX-X-XI-REIT Joint Venture") (a Georgia joint venture) as a capital contribution. Fund X 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 Fund X for the Iomega Building on April 1, 1998. As of August 1, 1998, Fund X had made total capital contributions to the IX-X-XI-REIT Joint Venture of \$18,410,965 and held an equity percentage interest in the IX-X-XI-REIT Joint Venture of 49.9%; Wells Real Estate Fund IX, L.P. had made total capital contributions to the IX-X-XI-REIT Joint Venture of \$14,571,686 and held an equity percentage interest in the IX-X-XI-REIT Joint Venture of 39.5%; Wells Operating Partnership, L.P. had made total capital contributions to the IX-X-XI-REIT Joint Venture of \$1,421,466 and held an equity percentage interest in the IX-X-XI-REIT Joint Venture of 3.9%; and Wells Real Estate Fund XI, L.P. had made total capital contributions to the IX-X-XI-REIT Joint Venture of \$2,482,810 and held an equity percentage interest in the IX-X-XI-REIT Joint Venture of 6.7%.

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.

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Rental Revenues

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

2. BASIS OF ACCOUNTING

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

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

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

We have audited the accompanying statement of revenues over certain operating expenses for the FAIRCHILD BUILDING for the year ended December 31, 1997. This financial statement is the responsibility of management. Our responsibility is to express an opinion on this financial statement based on our audit.

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

As described in Note 2, this financial statement excludes certain expenses that would not be comparable with those resulting from the operations of the Fairchild Building after acquisition by the Fremont Joint Venture (a joint venture between Wells Operating Partnership, L.P. and Wells Development Corporation). The accompanying statement of revenues over certain operating expenses was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission and is not intended to be a complete presentation of the Fairchild Building's revenues and expenses.

In our opinion, the statement of revenues over certain operating expenses presents fairly, in all material respects, the revenues over certain operating expenses of the Fairchild Building for the year ended December 31, 1997 in conformity with generally accepted accounting principles.

/s/ Arthur Andersen LLP

Atlanta, Georgia
August 6, 1998

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FAIRCHILD BUILDING

STATEMENTS OF REVENUES OVER CERTAIN

OPERATING EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 1997

AND FOR THE SIX MONTHS ENDED JUNE 30, 1998

1997

1998

(Unaudited)

RENTAL REVENUES	\$220,090	\$440,178
OPERATING EXPENSES	67,573	10,420
	-----	-----
REVENUES OVER CERTAIN OPERATING EXPENSES	\$152,517	\$429,758
	=====	=====

The accompanying notes are an integral part of these statements.

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FAIRCHILD BUILDING

NOTES TO STATEMENTS OF REVENUES

OVER CERTAIN OPERATING EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 1997

AND FOR THE SIX MONTHS ENDED JUNE 30, 1998

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Description of Real Estate Property Acquired

The Wells Operating Partnership, L.P. ("Wells OP"), a Delaware limited partnership organized to own and operate properties on behalf of the Wells Real Estate Investment Trust, Inc., entered into a Joint Venture Agreement known as Wells/Fremont Associates ("Fremont Joint Venture") with Wells Development Corporation. 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, for a purchase price of \$8,900,000 plus acquisition expenses of approximately \$60,000. The Fremont Joint Venture used the \$2,995,480 aggregate capital contributions described below to partially fund the purchase of the Fairchild Building. The Fremont Joint Venture obtained a loan in the amount of \$5,960,000 from NationsBank, N.A., the proceeds of which were used to fund the remainder of the cost of the Fairchild Building (the "Fairchild Loan"). The Fairchild Loan matures on July 21, 1999 (the "Fairchild Maturity Date"), unless the Fremont Joint Venture exercises its option to extend the Fairchild Maturity Date to January 21, 2000. The interest rate on the Fairchild Loan is a variable rate per annum equal to the rate appearing on Telerate Page 3750 as the LIBOR Rate for a 30-day period plus 220 basis points.

The 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 Wells/Fremont for certain operating expenses, as defined in the lease, related to the building. Prior to October 1, 1997, the building was unoccupied and all operating expenses were paid by the former owner of the Fairchild Building.

Acquisition of the Fremont Joint Venture Interest

Wells Real Estate Fund XI, L.P. ("Wells Fund XI") entered into a Joint Venture Agreement with Wells Real Estate Fund X, L.P. ("Wells Fund X") known as Fund X and Fund XI Associates ("Fund X-XI Joint Venture") for the purpose of the

acquisition, ownership, leasing, operation, sale and management of real properties, and interests in real properties, including but not limited to, the acquisition of equity interests in the Fremont Joint Venture.

On July 17, 1998, 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 (the "Fremont JV Interest") which, at closing, will result in the Fund X-XI Joint Venture becoming a joint venture partner with Wells OP in the ownership of the Fairchild Building. Wells Fund X, Wells OP and Wells Development are all affiliates of Wells Fund XI.

At the time of the entering into the Fremont JV Contract, the Fund X-XI Joint Venture delivered \$2,000,000 to Wells Development as an earnest money deposit (the "Fremont Earnest Money"). Wells Fund XI contributed \$1,000,000 of the Fremont Earnest Money as a capital contribution to the Fund X-XI Joint Venture and, as of July 21, 1998, held an equity percentage interest in the Fund X-XI Joint Venture of 50%; and Wells Fund X contributed \$1,000,000 of the Fremont Earnest Money as a capital contribution to the Fund X-XI Joint Venture and, as of July 21, 1998, held an equity percentage interest in the Fund X-XI Joint Venture of 50%. Wells Development contributed the Fremont Earnest Money it received from the Fund X-XI Joint Venture to the Fremont Joint Venture as its initial capital contribution, and Wells OP simultaneously contributed \$995,480 to the Fremont Joint Venture as its initial capital contribution.

Cash flow distributions allocable by the Fremont Joint Venture to Wells Development will be credited as a purchase price adjustment or paid to the Fund X-XI Joint Venture at the closing of the acquisition of the Fremont JV Interest from Wells Development since Wells Development is prohibited from making any profit on the transaction during the holding period. The Fund X-XI Joint Venture will have no property rights in the Fairchild Building prior to closing nor any potential liability on the Fairchild Loan, which will be paid off prior to closing.

Rental Revenues

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

2. BASIS OF ACCOUNTING

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

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

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

We have audited the accompanying statement of revenues over certain operating expenses for the CORT FURNITURE BUILDING for the year ended December 31, 1997. this financial statement is the responsibility of management. Our responsibility is to express an opinion on this financial statement based on our audit.

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

As described in Note 2, this financial statement excludes certain expenses that would not be comparable with those resulting from the operations of the Cort Furniture Building after acquisition by the Cort Joint Venture (a joint venture between Wells Operating Partnership, L.P. and Wells Development Corporation). The accompanying statement of revenues over certain operating expenses was prepared for the purpose of complying with the rules and regulations of the securities and exchange commission and is not intended to be a complete presentation of the cort furniture building's revenues and expenses.

In our opinion, the statement of revenues over certain operating expenses presents fairly, in all material respects, the revenues over certain operating expenses of the Cort Furniture Building for the year ended December 31, 1997 in conformity with generally accepted accounting principles.

/s/ Arthur Andersen LLP

 Arthur Andersen LLP

Atlanta, Georgia
 August 6, 1998

CORT FURNITURE BUILDING
 STATEMENTS OF REVENUES OVER CERTAIN
 OPERATING EXPENSES
 FOR THE YEAR ENDED DECEMBER 31, 1997
 AND FOR THE SIX MONTHS ENDED JUNE 30, 1998

	1997 -----	1998 ----- (Unaudited)
RENTAL REVENUES	\$771,618	\$385,809
OPERATING EXPENSES	16,408 -----	4,104 -----
REVENUES OVER CERTAIN OPERATING EXPENSES	\$755,210 =====	\$381,705 =====

The accompanying notes are an integral part of these statements.

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CORT FURNITURE BUILDING

NOTES TO STATEMENTS OF REVENUES

OVER CERTAIN OPERATING EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 1997

AND FOR THE SIX MONTHS ENDED JUNE 30, 1998

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Description of Real Estate Property Acquired

The Wells Operating Partnership, L.P. ("Wells OP"), a Delaware limited partnership organized to own and operate properties on behalf of the Wells Real Estate Investment Trust, Inc, 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, a 52,000-square-foot warehouse and office building located in Fountain Valley, California, for a purchase price of \$6,400,000 plus acquisition expenses of approximately \$150,000. The Cort Joint Venture used the \$1,668,000 aggregate capital contributions described below to partially fund the purchase of the Cort Furniture Building. The Cort Joint Venture obtained a loan in the amount of \$4,875,000 from NationsBank, N.A., the proceeds of which were used to fund the remainder of the cost of the Cort Furniture Building (the "Cort Loan"). The Cort Loan matures on July 31, 1999 (the "Cort Maturity Date"), unless the Cort Joint Venture exercises its option to extend the Cort Maturity Date to January 31, 2000. The interest rate on the Cort Loan is a variable rate per annum equal to the rate appearing on Telerate Page 3750 as the LIBOR Rate for 30-day period plus 220 basis points.

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.

Acquisition of the Cort Joint Venture Interest

Wells Real Estate Fund XI, L.P. ("Wells Fund XI") entered into a Joint Venture Agreement with Wells Real Estate Fund X, L.P. ("Wells Fund X") known as Fund X and Fund XI Associates ("Fund X-XI Joint Venture") for the purpose of the acquisition, ownership, leasing, operation, sale and management of real

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properties, and interests in real properties, including but not limited to, the acquisition of equity interests in the Cort Joint Venture. On July 30, 1998, the Fund X-XI Joint Venture entered into an 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 (the "Cort JV Interest") which, at closing, will result in the Fund X-XI

Joint Venture becoming a joint venture partner with Wells OP in the ownership of the Cort Furniture Building. Wells Fund X, Wells OP and Wells Development are all affiliates of Wells Fund XI.

At the time of entering into the Cort JV Contract, the Fund X-XI Joint Venture delivered \$1,500,000 to Wells Development as an earnest money deposit (the "Cort Earnest Money"). Wells Fund XI contributed \$750,000 of the Cort Earnest Money as a capital contribution to the Fund X-XI Joint Venture and, as of July 31, 1998, held an equity percentage interest in the Fund X-XI Joint Venture of 50%; and Wells Fund X contributed \$750,000 of the Cort Earnest Money as a capital contribution to the Fund X-XI Joint Venture and, as of July 31, 1998, held an equity percentage interest in the Fund X-XI Joint Venture of 50%. Wells Development contributed the Cort Earnest Money it received from the Fund X-XI Joint Venture to the Cort Joint Venture as its initial capital contribution, and Wells OP simultaneously contributed \$168,000 to the Cort Joint Venture as its initial capital contribution.

Cash flow distributions allocable by the Cort Joint Venture to Wells Development will be credited as a purchase price adjustment or paid to the Fund X-XI Joint Venture at the closing of the acquisition of the Cort JV Interest from Wells Development since Wells Development is prohibited from making any profit on the transaction during the holding period. The Fund X-XI Joint Venture will have no property rights in the Cort Building prior to closing nor any potential liability on the Cort Loan, which will be paid off prior to closing.

Rental Revenues

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

2. BASIS OF ACCOUNTING

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

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[LETTERHEAD OF ARTHUR ANDERSEN LLP APPEARS HERE]

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Wells Real Estate Investment Trust, Inc.:

We have audited the accompanying statement of revenues over certain operating expenses for the VANGUARD CELLULAR BUILDING for the period from inception (November 16, 1998) to December 31, 1998. This financial statement is the responsibility of management. Our responsibility is to express an opinion on this financial statement based on our audit.

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

As described in Note 2, this financial statement excludes certain expenses that would not be comparable with those resulting from the operations of the Vanguard Cellular Building after acquisition by Wells Operating Partnership, L.P. (on behalf of Wells Real Estate Investment Trust, Inc.). The accompanying statement of revenues over certain operating expenses was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission and is not intended to be a complete presentation of the Vanguard Cellular Building's revenues and expenses.

In our opinion, the statement of revenues over certain operating expenses presents fairly, in all material respects, the revenues over certain operating expenses of the Vanguard Cellular Building for the period from inception (November 16, 1998) to December 31, 1998 in conformity with generally accepted accounting principles.

/s/ Arthur Andersen LLP

Arthur Andersen LLP

Atlanta, Georgia
February 26, 1999

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VANGUARD CELLULAR BUILDING

STATEMENT OF REVENUES OVER CERTAIN

OPERATING EXPENSES

FOR THE PERIOD FROM INCEPTION

(NOVEMBER 16, 1998) TO DECEMBER 31, 1998

RENTAL REVENUES	\$171,855
OPERATING EXPENSES, NET OF REIMBURSEMENTS	0

REVENUES OVER CERTAIN OPERATING EXPENSES	\$171,855
	=====

The accompanying notes are an integral part of this statement.

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VANGUARD CELLULAR BUILDING

NOTES TO STATEMENT OF REVENUES

OVER CERTAIN OPERATING EXPENSES

FOR THE PERIOD FROM INCEPTION

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Description of Real Estate Property Acquired

On February 4, 1999, Wells Operating Partnership, L.P. ("Wells OP"), a Delaware limited partnership, formed to acquire and hold real estate properties on behalf of Wells Real Estate Investment Trust, Inc. (the "Registrant"), acquired a four-story office building (the "Vanguard Cellular Building") containing approximately 81,859 rentable square feet, for the price of \$12,291,200 plus acquisition expenses, including legal fees, of approximately \$240,900. Wells OP paid \$6,382,100 in cash and obtained a loan in the amount of \$6,450,000 from NationsBank, N. A. (the "NationsBank Loan"). As of February 4, 1999, \$6,150,000 was outstanding on the NationsBank Loan. The NationsBank Loan gives Wells OP the option of extending the term of the loan after the initial six months. The interest rate for the initial six months of the NationsBank Loan is fixed at 7%. On August 1, 1999, Wells OP may extend the NationsBank Loan at a rate of LIBOR plus 200 basis points for up to 29 additional months. During the term of the extension, Wells OP is required to make quarterly principal installments in an amount equal to one-ninth of the outstanding principal balance as of October 1, 1999. The NationsBank Loan is secured by a first mortgage against the Vanguard Cellular Building. Legal fees, loan origination costs, and appraisal fees incurred from obtaining the NationsBank Loan totaled approximately \$29,000.

The Vanguard Cellular Building is 100% occupied by one tenant with a ten-year lease term that commenced on November 16, 1998 and expires on November 15, 2008. Construction of the building was completed in November 1998. Under the terms of the lease agreement, monthly base rent payable is subject to escalations of 2% per annum and certain lease inception discounts. The lease is a triple net lease, whereby the terms require the tenant to reimburse Wells OP for certain operating expenses, as defined in the lease, related to the building. All of the operating expenses for the period from lease inception (November 16, 1998) to December 31, 1998 have been passed through to the tenant.

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Rental Revenues

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

2. BASIS OF ACCOUNTING

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

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[LETTERHEAD OF ARTHUR ANDERSEN LLP APPEARS HERE]

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Wells Real Estate Investment Trust, Inc.:

We have audited the accompanying statement of revenues over certain operating expenses for the EYBL CARTEX BUILDING for the year ended December 31, 1998. This financial statement is the responsibility of management. Our responsibility is to express an opinion on this financial statement based on our audit.

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

As described in Note 2, this financial statement excludes certain expenses that would not be comparable with those resulting from the operations of the EYBL CarTex Building after acquisition by the Wells Fund XI REIT Joint Venture (a joint venture between the Wells Operating Partnership, L.P. [on behalf of Wells Real Estate Investment Trust, Inc.] and Wells Real Estate Fund XI, L.P.). The accompanying statement of revenues over certain operating expenses was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission and is not intended to be a complete presentation of the EYBL CarTex Building's revenues and expenses.

In our opinion, the statement of revenues over certain operating expenses presents fairly, in all material respects, the revenues over certain operating expenses of the EYBL CarTex Building for the year ended December 31, 1998 in conformity with generally accepted accounting principles.

/s/ Arthur Andersen LLP

 Arthur Andersen LLP

Atlanta, Georgia
 May 21, 1999

EYBL CARTEX BUILDING		
STATEMENTS OF REVENUES		
OVER CERTAIN OPERATING EXPENSES		
FOR THE YEAR ENDED DECEMBER 31, 1998 AND		
FOR THE THREE MONTHS ENDED MARCH 31, 1999		
	1998	1999
	-----	-----
		(Unaudited)
RENTAL REVENUES	\$213,330	\$63,990
OPERATING EXPENSES, net of reimbursements	14,343	0
	-----	-----
REVENUES OVER CERTAIN OPERATING EXPENSES	\$198,987	\$63,990
	=====	=====

The accompanying notes are an integral part of these statements.

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EYBL CARTEX BUILDING

NOTES TO STATEMENTS OF REVENUES

OVER CERTAIN OPERATING EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 1998 AND

FOR THE THREE MONTHS ENDED MARCH 31, 1999

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Description of Real Estate Property Acquired

The EYBL CarTex Building is an industrial building consisting of a total of 169,510 square feet. On May 18, 1999, Wells Real Estate, LLC - SC I ("Wells LLC"), a Georgia limited liability company wholly owned by the Wells Fund XI-REIT Joint Venture (the "Joint Venture"), acquired an industrial building located in Fountain Inn, unincorporated Greenville County, South Carolina (the "EYBL CarTex Building"). Wells LLC purchased the EYBL CarTex Building from Liberty Property Trust, a Pennsylvania limited partnership.

The Joint Venture is a Georgia joint venture between Wells Real Estate Fund XI, L.P. ("Wells Fund XI"), a Georgia limited partnership, and Wells Operating Partnership, L.P. ("Wells OP"), a Delaware limited partnership formed to acquire, own, lease, operate, and manage real properties on behalf of Wells Real Estate Investment Trust, Inc. The Joint Venture was formed on May 1, 1999 for the purpose of the acquisition, ownership, development, leasing, operations, sale, and management of real properties.

The purchase price for the EYBL CarTex Building was \$5,085,000. Wells LLC also incurred additional acquisition expenses in connection with the purchase of the EYBL CarTex Building, including attorneys' fees, recording fees, and other closing costs of \$36,828. Wells Fund XI contributed \$1,530,000 to the Joint Venture and holds an equity percentage interest in the Joint Venture of 29.87% for its share of the purchase of the EYBL CarTex Building. Wells OP contributed \$3,591,828 to the Joint Venture and holds an equity percentage interest in the Joint Venture of 70.13% for its share of the purchase of the EYBL CarTex Building. All income, loss, profit, net cash flow, resale gain, and sale proceeds of the Joint Venture are allocated and distributed between Wells Fund XI and Wells OP based on their respective capital contributions to the Joint Venture.

Rental Revenues

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

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2. BASIS OF ACCOUNTING

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

[LETTERHEAD OF ARTHUR ANDERSEN APPEARS HERE]

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

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

We have audited the accompanying statement of revenues over certain operating expenses for the SPRINT BUILDING for the year ended December 31, 1998. This financial statement is the responsibility of management. Our responsibility is to express an opinion on this financial statement based on our audit.

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

As described in Note 2, this financial statement excludes certain expenses that would not be comparable with those resulting from the operations of the Sprint Building after acquisition by the Wells Fund XI-Fund XII-REIT Joint Venture (a joint venture between the Wells Operating Partnership, L.P. [on behalf of Wells Real Estate Investment Trust, Inc.], Wells Real Estate Fund XI, L.P., and Wells Real Estate Fund XII, L.P.). The accompanying statement of revenues over certain operating expenses was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission and is not intended to be a complete presentation of the Sprint Building's revenues and expenses.

In our opinion, the statement of revenues over certain operating expenses presents fairly, in all material respects, the revenues over certain operating expenses of the Sprint Building for the year ended December 31, 1998, in conformity with generally accepted accounting principles.

/s/ Arthur Andersen LLP

Atlanta, Georgia
July 12, 1999

SPRINT BUILDING

STATEMENTS OF REVENUES OVER CERTAIN OPERATING EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 1998 AND
FOR THE THREE MONTHS ENDED MARCH 31, 1999

	1998 -----	1999 ----- (Unaudited)
RENTAL REVENUES	\$1,050,725	\$262,681
OPERATING EXPENSES, net of reimbursements	19,410 -----	2,250 -----
REVENUES OVER CERTAIN OPERATING EXPENSES	\$1,031,315 =====	\$260,431 =====

The accompanying notes are an integral part of these statements.

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SPRINT BUILDING

NOTES TO STATEMENTS OF REVENUES

OVER CERTAIN OPERATING EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 1998 AND

FOR THE THREE MONTHS ENDED MARCH 31, 1999

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Description of Real Estate Property Acquired

On July 2, 1999, the Wells Fund XI-XII-REIT Joint Venture (the "Joint Venture") acquired a three-story office building with approximately 68,900 rentable square feet located in Leawood, Johnson County, Kansas (the "Sprint Building"). The Joint Venture is a joint venture partnership between Wells Real Estate Fund XI, L.P. ("Wells Fund XI"), Wells Real Estate Fund XII, L.P. ("Wells Fund XII"), and Wells Operating Partnership, L.P. ("Wells OP"), a Delaware limited partnership formed to acquire, own, lease, operate and manage real properties on behalf of Wells Real Estate Investment Trust, Inc. (the "Wells REIT"). Wells Fund XI contributed \$3,000,000, Wells Fund XII contributed \$1,000,000 and Wells OP contributed \$5,546,210 to the Joint Venture for their respective share of the purchase of the Sprint Building.

The entire 68,900 rentable square feet of the Sprint Building is currently under a net lease agreement dated February 14, 1997 (the "Lease") with Sprint. The Lease was assigned to the 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 2 additional five-year periods. Each extension option must be exercised by giving notice to the landlord at least 270 days, but no earlier than 365 days, prior to the expiration date of the then current lease term. The monthly base rent payable under the Lease will be \$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 interior mechanical and electrical, HVAC, parking lot, and landscaping to the Sprint Building. The Joint Venture, as landlord, is responsible for repair and replacement of the exterior, roof, foundation, and structure.

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The Lease contains a termination option which may be exercised by Sprint effective as of May 18, 2004 provided Sprint has not exercised its expansion option, as described below. The early termination requires nine months' notice and a termination payment to the Joint Venture equal to \$6.53 per square foot, or \$450,199. Sprint also has an expansion option for an additional 20,000 square feet of office space which may be exercised in two phases, which involves 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.

Rental Revenues

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

2. BASIS OF ACCOUNTING

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

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WELLS REAL ESTATE INVESTMENT TRUST, INC.

UNAUDITED PRO FORMA FINANCIAL STATEMENTS

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

The following unaudited pro forma balance sheet as of March 31, 1999 has been prepared to give affect to the following acquisitions as if each occurred on March 31, 1999: (i) EYBL CarTex Building by Wells XI-REIT Joint Venture (a joint venture between Wells OP and Wells Real Estate Fund XI, L.P. ["Wells Fund XI"]) and (ii) Sprint Building by Wells Fund XI-Fund XII-REIT Joint Venture (a joint venture between Wells OP, Wells Fund XI, and Wells Real Estate Fund XII, L.P. ["Wells Fund XII"]).

The following unaudited pro forma statements of income for the year ended December 31, 1998 and the three-month period ended March 31, 1999 have been prepared to give effect to the following transactions as if each occurred on January 1, 1998: (i) Wells OP's acquisition of an equity interest in Fund IX, Fund X, Fund XI, and REIT Joint Venture (formerly Fund IX-Fund X Associates) (a joint venture between Wells Real Estate Fund IX, L.P., Wells Real Estate Fund X, L.P. ["Wells Fund X"], Wells Fund XI, and Wells OP); (ii) acquisition of Lucent

Building by Fund IX, Fund X, Fund XI, and REIT Joint Venture; (iii) Wells OP's adjusted equity interest in Fund IX, Fund X, Fund XI, and REIT Joint Venture after giving affect to the contribution by Wells Fund X of Iomega Building to Fund IX, Fund X, Fund XI, and REIT Joint Venture; (iv) acquisition of Fairchild Building by Wells/Fremont Associates (a joint venture between Wells OP and Fund X and Fund XI Associates [a joint venture between Wells Fund X and Wells Fund XI]); (v) acquisition of Cort Furniture Building by Wells/Orange County Associates (a joint venture between Wells OP and Fund X and Fund XI Associates); (vi) acquisition of EYBL CarTex Building by Wells XI-REIT Joint Venture (a joint venture between Wells Fund XI and Wells OP); and (vii) acquisition of Sprint Building by Wells Fund XI-Fund XII-REIT joint venture (a joint venture between Wells Fund XI, Wells Fund XII, and Wells OP).

The following unaudited pro forma statements of income for the year ended December 31, 1998 and the three-month period ended March 31, 1999 have been prepared to give effect to the acquisition of the Vanguard Cellular Building as if the acquisition had occurred on November 16, 1998 (lease inception date) by Wells OP.

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

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WELLS REAL ESTATE INVESTMENT TRUST, INC.

BALANCE SHEET

MARCH 31, 1999

(Unaudited)

ASSETS				
	Wells Real Estate Investment Trust, Inc.	Pro Forma Adjustments		Pro Forma Total
	-----	EYBL CarTex Building	Sprint Building	-----
REAL ESTATE, at cost:				
Land	\$ 6,787,902	\$ 0	\$ 0	\$ 6,787,902
Buildings and improvements, less accumulated depreciation of \$286,242 (pro forma \$387,374)	33,058,522	0	0	33,058,522
Total real estate	39,846,424	0	0	39,846,424
INVESTMENTS IN JOINT VENTURES	11,494,134	3,740,428 (a)	5,777,321 (a)	21,011,883
DUE TO AFFILIATES	267,279	0	0	267,279
CASH AND CASH EQUIVALENTS	7,864,546	(3,591,828) (b)	(4,272,718) (b)	0
DEFERRED PROJECT COSTS	375,126	(148,600) (c)	(226,526) (c)	0
DEFERRED OFFERING COSTS	294,037	0	0	294,037
PREPAID EXPENSES AND OTHER ASSETS	746,736	0	0	746,736
Total assets	\$60,888,282	\$ 0	\$ 1,278,077	\$62,166,359
	-----	-----	-----	-----
LIABILITIES AND SHAREHOLDERS' EQUITY				
ACCOUNTS PAYABLE	\$ 578,328	\$ 0	\$ 0	\$ 578,328
NOTES PAYABLE	9,650,000	0	0	9,650,000
DUE TO AFFILIATES	348,342	0	1,273,492 (b)	1,626,419
DIVIDENDS PAYABLE	628,182	0	4,585 (c)	628,182
MINORITY INTEREST OF UNIT HOLD IN OPERATING PARTNERSHIP	200,000	0	0	200,000
Total liabilities	11,404,852	0	1,278,077	12,682,929
	-----	-----	-----	-----
COMMON SHARES, \$.01 par value; 16,500,000 shares authorized, 5,702,329 shares issued and outstanding at March 31, 1999	57,023	0	0	57,023
ADDITIONAL PAID-IN CAPITAL	48,698,935	0	0	48,698,935
RETAINED EARNINGS	727,472	0	0	727,472

Total shareholders' equity	49,483,430	0	0	49,483,430
Total liabilities and shareholders' equity	\$60,888,282	\$ 0	\$ 1,278,077	\$62,166,359

- (a) Reflects Wells Real Estate Investment Trust, Inc.'s additional joint venture investment.
- (b) Reflects cash contributed to the joint venture for the acquisition of the respective property.
- (c) Reflects deferred project costs contributed to the joint venture, based on approximately 4% of the cash contributed to the joint venture.

WELLS REAL ESTATE INVESTMENT TRUST, INC.

STATEMENT OF INCOME

FOR THE YEAR ENDED DECEMBER 31, 1998

(Unaudited)

	Wells Real Estate Investment Trust, Inc.	Fund IX, Fund X, Fund XI, and REIT Joint Venture	Lucent Building	Iomega Building	Fairchild Building	Cort Furniture Building	Vanguard Cellular Building
REVENUES:							
Rental income	\$ 20,994	0	0	0	0	0	\$171,855(b)
Equity in income (loss) of joint ventures	263,315	\$17,909(a)	\$7,142(a)	\$6,158(a)	\$13,316(a)	\$11,489(a)	0
Interest income	110,869	0	0	0	0	0	0
	395,178	17,909	7,142	6,158	13,316	11,489	171,855
EXPENSES:							
Operating costs, net of reimbursements	11,033	0	0	0	0	0	54,255(c)
General and administrative	29,943	0	0	0	0	0	2,384
Depreciation	0	0	0	0	0	0	60,896(d)
Legal and accounting	19,552	0	0	0	0	0	0
Computer costs	616	0	0	0	0	0	0
	61,144	0	0	0	0	0	117,535
NET INCOME	\$334,034	\$17,909	\$7,142	\$6,158	\$13,316	\$11,489	\$ 54,320
EARNINGS PER SHARE (BASIC AND DILUTED)	\$0.40	\$0.02	\$0.01	\$0.01	\$0.02	\$0.01	\$0.07

	EYBL CarTex Building	Sprint Building	Pro Forma Total
REVENUES:			
Rental income	0	0	\$ 192,849
Equity in income (loss) of joint ventures	\$(6,204) (a)	\$417,708 (a)	730,833
Interest income	0	0	110,869
	(6,204)	417,708	1,034,551
EXPENSES:			

Operating costs, net of reimbursements	0	0	65,288
General and administrative	0	0	32,327
Depreciation	0	0	60,896
Legal and accounting	0	0	19,552
Computer costs	0	0	616
	-----	-----	-----
	0	0	178,679
	-----	-----	-----
NET INCOME	\$ (6,204)	\$417,708	\$ 855,872
	=====	=====	=====
EARNINGS PER SHARE			
(BASIC AND DILUTED)	\$ (0.01)	\$0.50	\$1.03
	=====	=====	=====

-
- (a) Reflects Wells Real Estate Investment Trust, Inc.'s equity in income (loss) of the joint venture which owns the respective property; equity in income (loss) of the joint venture represents Wells Real Estate Investment Trust, Inc.'s portion of the rental revenues less operating expenses, management fees, depreciation, and amortization of the respective property.
- (b) Represents rental income recognized on a straight-line basis related to the Vanguard Cellular Building.
- (c) Represents operating costs (primarily interest expense), net of reimbursements, related to the Vanguard Cellular Building; interest expense is based on a \$6,150,000 note payable, which bears interest at 7%.
- (d) Represents depreciation expense on the Vanguard Cellular Building based on the straight-line method and a 25-year life; depreciation expense commences when the property is placed in service.

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WELLS REAL ESTATE INVESTMENT TRUST, INC.

STATEMENT OF INCOME

FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 1999

(Unaudited)

	Wells Real Estate Investment Trust, Inc.	Vanguard Building	EYBL CarTex Building	Sprint Building	Pro Forma Total
	-----	-----	-----	-----	-----
REVENUES:					
Rental income	\$726,183	\$87,071 (b)	\$ 0	\$ 0	\$ 813,254
Equity in income of joint ventures	192,723	0	7,596 (a)	100,915 (a)	301,234
Interest income	69,094	0	0	0	69,094
	-----	-----	-----	-----	-----
	988,000	87,071	7,596	100,915	1,183,582
	-----	-----	-----	-----	-----
EXPENSES:					
Operating costs, net of reimbursements	204,115	33,866 (c)	0	0	237,981
Management and leasing fees	44,692	1,710	0	0	46,402
Depreciation	286,242	40,236 (d)	0	0	326,478
Administrative costs	29,710	0	0	0	29,710
Legal and accounting	27,100	0	0	0	27,100
Computer costs	2,703	0	0	0	2,703
	-----	-----	-----	-----	-----
	594,562	75,812	0	0	670,374
	-----	-----	-----	-----	-----
NET INCOME	\$393,438	\$11,259	\$7,596	\$100,915	\$ 513,208
	=====	=====	=====	=====	=====
EARNINGS PER SHARE (BASIC AND DILUTED)					
	\$0.10	\$0.00	\$0.00	\$0.03	\$0.13
	=====	=====	=====	=====	=====

-
- (a) Reflects Wells Real Estate Investment Trust, Inc.'s equity in income of the joint venture which owns the respective property; equity in income of the joint venture represents Wells Real Estate Investment Trust, Inc.'s portion of the rental revenues less operating expenses, management fees, depreciation, and amortization of the respective property.
 - (b) Represents one month of rental income recognized on a straight-line basis related to the Vanguard Cellular Building, which was acquired on February 4, 1999.
 - (c) Represents one month of operating costs (primarily interest expense), net of reimbursements, related to the Vanguard Cellular Building; interest expense is based on a \$6,150,000 note payable, which bears interest at 7%.
 - (d) Represents one month of depreciation expense on the Vanguard Cellular Building based on the straight-line method and a 25-year life; depreciation expense commences when the property is placed in service.

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PRIOR PERFORMANCE TABLES

The following Prior Performance Tables (the "Tables") provide information relating to real estate investment programs sponsored by the Advisor and its Affiliates ("Wells Prior Public Programs") which have investment objectives substantially similar to the Company. The Company's investment objectives are to maximize Net Cash From Operations; to preserve original Capital Contributions; and to realize capital appreciation over a period of time. (See "Investment Objectives and Criteria.") All of the Wells Prior Public Programs, except for the Company, have used a substantial amount of capital, and no acquisition indebtedness, to acquire their properties.

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

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

The Advisor is responsible for the acquisition, operation, maintenance and resale of the real estate properties. The financial results of the Wells Prior Public Programs thus provide an indication of the Advisor's performance of its obligations during the periods covered. However, general economic conditions affecting the real estate industry and other factors contribute significantly to financial results.

The following tables are included in this Supplement to the Prospectus:

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

Table II - Compensation to Sponsor (in Dollars)

Table III - Annual Operating Results of Wells Prior Public Programs

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

Additional information relating to the acquisition of properties by the Wells Prior Public Programs is contained in Table VI, which is included in Part

II of the registration statement which the Company has filed with the Securities and Exchange Commission. As described above, no Wells Prior Public Program has sold or disposed of any property held by it. Copies of any or all information will be provided to prospective investors at no charge upon request.

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

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

"Organization Expenses" shall include legal fees, accounting fees, securities filing fees, printing and reproduction expenses and fees paid to the general partners or their affiliates in connection with the planning and formation of the partnership.

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

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TABLE I
(UNAUDITED)

EXPERIENCE IN RAISING AND INVESTING FUNDS

This Table provides a summary of the experience of the general partners and their affiliates in Wells Prior Public Programs for which offerings have been completed since December 31, 1995. Information is provided with regard to the manner in which the proceeds of the offerings have been applied. Also set forth is information pertaining to the timing and length of these offerings and the time period over which the proceeds have been invested in the properties. All figures are as of December 31, 1998.

	Wells Real Estate Fund VIII, L.P.	Wells Real Estate Fund IX, L.P.	Wells Real Estate Fund X, L.P.	Wells Real Estate Fund XI, L.P.
Dollar Amount Raised	\$32,042,689 / (3) /	\$35,000,000 / (4) /	\$27,128,912 / (5) /	\$16,532,802 / (6) /
Percentage Amount Raised	100.0% / (3) /	100.0% / (4) /	100% / (5) /	100% / (6) /
Less Offering Expenses				
Underwriting Fees	10.0%	10.0%	10.0%	9.5%
Organizational Expenses	5.0%	5.0%	5.0%	3.0%
Reserves / (1) /	0.0%	0.0%	0.0%	0.0%
Percent Available for Investment	85.0%	85.0%	85.0%	87.5%
Acquisition and Development Costs				
Prepaid Items and Fees related to				
Purchase of Property	.1%	2.0%	2.4%	0.0%
Cash Down Payment	80.0%	66.4%	42.1%	29.5%
Acquisition Fees / (2) /	4.5%	4.5%	4.5%	3.5%
Development and Construction Costs	.4%	10.1%	12.0%	0.0%
Reserve for Payment of Indebtedness	0.0%	0.0%	0.0%	0.0%
Total Acquisition and Development Cost	85.0%	83.0%	61.0%	33.0%
Percent Leveraged	0.0%	0.0%	0.0%	0.0%
Date Offering Began	01/06/95	01/05/96	12/31/96	12/31/97
Length of Offering	12 mo.	12 mo.	12 mo.	12mo.
Months to Invest 90% of Amount Available for Investment (Measured from Beginning of Offering)	17 mo.	14 mo.	19 mo.	/(7) /
Number of Investors as of 12/31/98	2,247	2,118	1,812	1,345

/(1)/ Does not include General Partner contributions held as part of reserves.

/(2)/ Includes acquisition fees, real estate commissions, general contractor fees and/or architectural fees paid to affiliates of the General Partners.

/(3)/ Total dollar amount registered and available to be offered was

\$35,000,000. Wells Real Estate Fund VIII, L.P. closed its offering on January 4, 1996, and the total dollar amount raised was \$32,042,689.

/(4)/ Total dollar amount registered and available to be offered was \$35,000,000. Wells Real Estate Fund IX, L.P. closed its offering on December 30, 1996, and the total dollar amount raised was \$35,000,000.

/(5)/ Total dollar amount registered and available to be offered was \$35,000,000. Wells Real Estate Fund X, L.P. closed its offering on December 30, 1997, and the total dollar amount raised was \$27,128,912.

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/(6)/ Total dollar amount registered and available to be offered was \$35,000,000. Wells Real Estate Fund XI, L.P. closed its offering on December 30, 1998, and the total dollar amount raised was \$16,532,802.

/(7)/ As of December 31, 1998, Wells Real Estate Fund XI, L.P. had not yet invested 90% of the amount available for investment. The amount invested in properties (including acquisition fees paid but not yet associated with a specific property) at December 31, 1998 was 33% of the total dollar amount raised.

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TABLE II
(UNAUDITED)

COMPENSATION TO SPONSOR

The following sets forth the compensation received by general partners or their affiliates, including compensation paid out of offering proceeds and compensation paid in connection with the ongoing operations of Wells Prior Public Programs having similar or identical investment objectives the offerings of which have been completed since December 31, 1995. These partnerships have not sold or refinanced any of their properties to date. All figures are as of December 31, 1998.

	Wells Real Estate Fund VIII, L.P.	Wells Real Estate Fund IX, L.P.	Wells Real Estate Fund X, L.P.	Wells Real Estate Fund XI, L.P.	Other Public Programs/(1)/
Date Offering Commenced	01/06/95	01/05/96	12/31/96	12/31/97	--
Dollar Amount Raised	\$32,042,689	\$35,000,000	\$27,128,912	\$16,532,802	\$174,198,406
to Sponsor from Proceeds of Offering:					
Underwriting Fees/(2)/	\$ 174,295	\$ 309,556	\$ 260,748	\$ 151,911	\$ 749,861
Acquisition Fees	--	--	--	--	--
Real Estate Commissions	--	--	--	--	--
Acquisition and Advisory Fees/(3)/	\$ 1,281,708	\$ 1,400,000	\$ 1,085,157	\$ 578,648	\$ 8,877,691
Dollar Amount of Cash Generated from Operations					
Before Deducting Payments to Sponsor/(4)/	\$ 5,898,456	\$ 4,472,419	\$ 2,100,001	\$ 87,465	\$ 31,156,353
Amount Paid to Sponsor from Operations:					
Property Management Fee/(1)/	\$ 165,073	\$ 82,791	\$ 39,957	\$ 6,267	\$ 1,089,740
Partnership Management Fee	--	--	--	--	--
Reimbursements	\$ 171,240	\$ 72,803	\$ 41,659	\$ 14,623	\$ 1,300,327
Leasing Commissions	\$ 225,234	\$ 174,185	\$ 110,655	\$ 17,559	\$ 1,148,836
General Partner Distributions	--	--	--	--	15,205
Other	--	--	--	--	--
Dollar Amount of Property Sales and Refinancing					
Payments to Sponsors:					
Cash	--	--	--	--	--
Notes	--	--	--	--	--
Amount Paid to Sponsor from Property Sales					
and Refinancing:					
Real Estate Commissions	--	--	--	--	--
Incentive Fees	--	--	--	--	--
Other	--	--	--	--	--

/(1)/ Includes compensation paid to General Partners from Wells Real Estate Fund I, Wells Real Estate Fund II, Wells Real Estate Fund II-OW, Wells Real Estate Fund III, L.P., Wells Real Estate Fund IV, L.P., Wells Real Estate Fund V, L.P., Wells Real Estate Fund VI, L.P. and Wells Real Estate Fund VII, L.P. during the past three years. In addition to the amounts shown, affiliates of the General Partners of Wells Real Estate Fund I are entitled to certain property management and leasing fees but have elected to defer the payment of such fees until a later year on properties owned

by Wells Real Estate Fund I. At December 31, 1998, the amount of such fees due the General Partners totaled \$2,283,808.

- / (2) / Includes net underwriting compensation and commissions paid to Wells Investment Securities, Inc. in connection with the offerings of Wells Real Estate Funds VIII, IX, X, and XI, which were not reallocated to participating broker-dealers.
- / (3) / Fees paid to the General Partners or their affiliates for acquisition and advisory services in connection with the review and evaluation of potential real property acquisitions.

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- / (4) / Includes \$567,231 in net cash provided by operating activities, \$4,769,678 in distributions to limited partners and \$561,547 in payments to sponsor for Wells Real Estate Fund VIII, L.P.; \$732,687 in net cash provided by operating activities, \$3,409,953 in distributions to limited partners and \$329,779 in payments to sponsor for Wells Real Estate Fund IX, L.P.; \$500,687 in net cash provided by operating activities, \$1,407,043 in distributions to limited partners and \$192,271 in payments to sponsor for Wells Real Estate Fund X, L.P.; \$50,858 in net cash used by operating activities, \$99,874 in distributions to limited partners and \$38,449 in payments to sponsor for Wells Restate Fund XI, L.P.; and \$2,917,222 in net cash provided by operating activities, \$24,700,228 in distributions to limited partners and \$3,538,903 in payments to sponsor for other public programs.

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TABLE III
(UNAUDITED)

The following six tables set forth operating results of Wells Prior Public Programs the offerings of which have been completed since December 31, 1993. The information relates only to public programs with investment objectives similar to those of the partnership. All figures are as of December 31 of the year indicated.

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

	1998	1997	1996	1995	1994
Gross Revenues/(1)/	\$ 939,519	\$ 884,802	\$ 675,782	\$ 1,002,567	\$ 819,535
Profit on Sale of Properties	--	--	--	--	--
Less: Operating Expenses/(2)/	82,168	82,898	80,479	94,489	112,389
Depreciation and Amortization/(3)/	1,563	6,250	6,250	6,250	6,250
Net Income GAAP Basis/(4)/	\$ 855,788	\$ 795,654	\$ 589,053	\$ 901,828	700,896
Taxable Income: Operations	\$1,206,968	\$1,091,770	\$ 809,389	\$ 916,531	667,682
Cash Generated (Used By):					
Operations					
Joint Ventures	(70,649)	(57,206)	(2,716)	278,728	276,376
	1,829,428	1,500,023	1,044,891	766,212	203,543
Less Cash Distributions to Investors:	\$1,758,779	\$1,442,817	\$1,042,175	\$ 1,044,940	\$ 479,919
Operating Cash Flow					
Return of Capital	1,745,626	1,442,817	1,042,175	1,044,940	245,800
		9,986	125,314	--	--
Undistributed Cash Flow from Prior Year Operations	13,153	--	\$ 18,027	216,092	--
Cash Generated (Deficiency) after Cash Distributions	\$ 13,153	\$ (9,986)	(143,341)	\$ (216,092)	\$ 234,119
Special Items (not including sales and financing):					
Source of Funds:					
General Partner Contributions	--	--	--	--	--
Increase in Limited Partner Contributions	--	--	--	--	12,163,461
	\$ 13,153	\$ (9,986)	\$ (143,341)	\$ (216,092)	\$12,397,580
Use of Funds:					
Sales Commissions and Offering Expenses	--	--	--	--	1,776,909
Return of Original Limited Partner's Investment	--	--	--	--	--
Property Acquisitions and Deferred Project Costs	135,602	310,759	234,924	10,721,376	5,912,454
Cash Generated (Deficiency) after Cash Distributions and Special Items	\$ (122,449)	\$ (320,745)	\$ (378,265)	\$ (10,937,468)	\$ 4,708,217
Net Income and Distributions Data per \$1,000					

Invested:					
Net Income on GAAP Basis:					
Ordinary Income (Loss)					
- Operations Class A Units	81	78	59	57	43
- Operations Class B Units	(280)	(247)	(160)	(60)	(12)
Capital Gain (Loss)	--	--	--	--	--
Tax and Distributions Data per \$1,000 Invested:					
Federal Income Tax Results:					
Ordinary Income (Loss)					
- Operations Class A Units	80	75	56	56	41
- Operations Class B Units	(171)	(150)	(99)	(51)	(22)
Capital Gain (Loss)	--	--	--	--	--
Cash Distributions to Investors:					
Source (on GAAP Basis)					
- Investment Income Class A Units	80	67	56	57	14
- Return of Capital Class A Units	--	--	--	4	--
- Return of Capital Class B Units	--	--	--	--	--
Source (on Cash Basis)					
- Operations Class A Units	80	67	50	61	14
- Return of Capital Class A Units	0	0	6	--	--
- Operations Class B Units	--	--	--	--	--
Amount (in Percentage Terms) Remaining Invested in Program Properties at the end of the Last Year Reported in the Table					
	100%				

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- /(1)/ Includes \$285,711 in equity in earnings of joint ventures and \$533,824 from investment of reserve funds in 1994, \$681,033 in equity in earnings of joint ventures and \$321,534 from investment of reserve funds in 1995, \$607,214 in equity in earnings of joint ventures and \$68,568 from investment of reserve funds in 1996, \$856,710 in equity in earnings of joint ventures and \$28,092 from investment of reserve funds in 1997, and \$928,000 in equity in earnings of joint ventures and \$11,519 from investment of reserve funds in 1998. At December 31, 1998, the leasing status was 95%.
- /(2)/ Includes partnership administrative expenses.
- /(3)/ Included in equity in earnings of joint ventures in gross revenues is depreciation of \$107,807 for 1994, \$264,866 for 1995, \$648,478 for 1996, \$896,753 for 1997, and \$917,224 for 1998.
- /(4)/ In accordance with the partnership agreement, net income or loss, depreciation and amortization are allocated \$762,218 to Class A Limited Partners, \$(62,731) to Class B Limited Partners and \$1,409 to the General Partners for 1994; \$1,172,944 to Class A Limited Partners, \$(269,288) to Class B Limited Partners and \$(1,828) to the General Partners for 1995; \$1,234,717 to Class A Limited Partners, \$(645,664) to Class B Limited Partners and \$0 to the General Partners for 1996; \$1,677,826 to Class A Limited Partners, \$(882,172) to Class B Limited Partners and \$0 to the General Partners for 1997; and \$1,770,058 to Class A Limited Partners \$(914,270) to Class B Limited Partners and \$0 to the general partners for 1998.

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

	1998	1997	1996	1995	1994
Gross Revenues/(1)/	\$ 846,306	\$ 816,237	\$ 543,291	\$ 925,246	\$ 286,371
Profit on Sale of Properties	--	--	--	--	--
Less: Operating Expenses/(2)/	85,722	76,838	84,265	114,953	78,420
Depreciation and Amortization/(3)/	6,250	6,250	6,250	6,250	4,688
Net Income GAAP Basis/(4)/	\$ 754,334	\$ 733,149	\$ 452,776	\$ 804,043	\$ 203,263
Taxable Income: Operations	\$1,109,096	\$1,008,368	\$ 657,443	\$ 812,402	\$ 195,067
Cash Generated (Used By):					
Operations	(72,194)	(43,250)	20,883	431,728	47,595
Joint Ventures	1,770,742	1,420,126	760,628	424,304	14,243
	\$1,698,548	\$1,376,876	\$ 781,511	\$ 856,032	\$ 61,838
Less Cash Distributions to Investors:					
Operating Cash Flow	1,636,158	1,376,876	781,511	856,032	52,195
Return of Capital	--	2,709	10,805	22,064	--
Undistributed Cash Flow from Prior Year Operations	--	--	--	9,643	--
Cash Generated (Deficiency) after Cash Distributions	\$ 62,390	\$ (2,709)	\$ (10,805)	\$ (31,707)	\$ 9,643
Special Items (not including sales and financing):					

Source of Funds:					
General Partner Contributions	--	--	--	--	--
Increase in Limited Partner Contributions	\$ --	\$ --	\$ --	\$ 805,212	\$23,374,961
	-----	-----	-----	-----	-----
	\$ 62,390	\$ (2,709)	\$ (10,805)	\$ 773,505	\$23,384,604
Use of Funds:					
Sales Commissions and Offering Expenses	--	--	--	\$ 244,207	\$ 3,351,569
Return of Original Limited Partner's Investment	--	--	--	100	--
Property Acquisitions and Deferred Project Costs	181,070	169,172	736,960	14,971,002	4,477,765
Cash Generated (Deficiency) after Cash Distributions and Special Items	-----	-----	-----	-----	-----
	\$ (118,680)	\$ (171,881)	\$ (747,765)	\$ (14,441,804)	\$15,555,270
	=====	=====	=====	=====	=====

Net Income and Distributions Data per \$1,000 Invested:

Net Income on GAAP Basis:					
Ordinary Income (Loss)					
- Operations Class A Units	85	86	62	57	29
- Operations Class B Units	(224)	(168)	(98)	(20)	(9)
Capital Gain (Loss)	--	--	--	--	--
Tax and Distributions Data per \$1,000 Invested:					
Federal Income Tax Results:					
Ordinary Income (Loss)					
- Operations Class A Units	82	78	55	55	28
- Operations Class B Units	(134)	(111)	(58)	(16)	17
Capital Gain (Loss)	--	--	--	--	--
Cash Distributions to Investors:					
Source (on GAAP Basis)					
- Investment Income Class A Units	81	70	43	52	7
- Return of Capital Class A Units	--	--	--	--	--
- Return of Capital Class B Units	--	--	--	--	--
Source (on Cash Basis)					
- Operations Class A Units	81	70	42	51	7
- Return of Capital Class A Units	--	--	1	1	--
- Operations Class B Units	--	--	--	--	--
Source (on a Priority Distribution Basis)/(5)/					
- Investment income Class A Units	62	54	29	30	4
- Return of Capital Class A Units	19	16	14	22	3
- Return of Capital Class B Units	--	--	--	--	--
Amount (in Percentage Terms) Remaining Invested in Program Properties at the end of the Last Year Reported in the Table					
	100%				

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- / (1) / Includes \$78,799 in equity in earnings of joint ventures and \$207,572 from investment of reserve funds in 1994, \$403,325 in equity in earnings of joint ventures and \$521,921 from investment of reserve funds in 1995, \$457,144 in equity in earnings of joint ventures and \$86,147 from investment of reserve funds in 1996, \$785,398 in equity in earnings of joint ventures and \$30,839 from investment of reserve funds in 1997, and \$839,037 in equity in earnings of joint ventures and \$7,269 from investment of reserve funds in 1998. At December 31, 1998, the leasing status was 96% including developed property in initial lease up.
- / (2) / Includes partnership administrative expenses.
- / (3) / Included in equity in earnings of joint ventures in gross revenues is depreciation of \$25,468 for 1994, \$140,533 for 1995, \$605,247 for 1996, \$877,869 for 1997, and \$955,245 for 1998.
- / (4) / In accordance with the partnership agreement, net income or loss, depreciation and amortization are allocated \$233,337 to Class A Limited Partners, \$(29,854) to Class B Limited Partners and \$(220) to the General Partner for 1994; \$950,826 to Class A Limited Partners, \$(146,503) to Class B Limited Partners and \$(280) to the General Partners for 1995; \$1,062,605 to Class A Limited Partners, \$(609,829) to Class B Limited Partners and \$0 to the General Partners for 1996; \$1,615,965 to class A Limited Partners, \$(882,816) to Class B Limited Partners and \$0 to the General Partners for 1997; and \$1,704,213 to Class A Limited Partners, \$(949,879) to Class B Limited Partners and \$0 to the General Partners for 1998.
- / (5) / Pursuant to the terms of the partnership agreement, an amount equal to the cash distributions paid to Class A Limited Partners is payable as priority distributions out of the first available net proceeds from the sale of partnership properties to Class B Limited Partners. The amount of cash distributions paid per unit to Class A Limited Partners is shown as a return of capital to the extent of such priority distributions payable to Class B Limited Partners. As of December 31, 1998, the aggregate amount of such priority distributions payable to Class B Limited Partners totalled \$1,364,217.

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WELLS REAL ESTATE FUND VIII, L.P.

	1998	1997	1996	1995	1994
Gross Revenues/(1)/	1,362,513	\$ 1,204,018	\$ 1,057,694	\$ 402,428	N/A
Profit on Sale of Properties	--	--	--	--	--
Less: Operating Expenses/(2)/	87,092	95,201	114,854	122,264	
Depreciation and Amortization/(3)/	6,250	6,250	6,250	6,250	
Net Income GAAP Basis/(4)/	1,269,171	\$ 1,102,567	\$ 936,590	273,914	
Taxable Income: Operations	1,683,192	\$ 1,213,524	\$ 1,001,974	404,348	
Cash Generated (Used By):					
Operations	(63,946)	7,909	623,268	204,790	
Joint Ventures	2,293,504	1,229,282	279,984	20,287	
Less Cash Distributions to Investors:					
Operating Cash Flow	2,218,400	1,237,191	903,252	--	
Return of Capital	--	183,315	2,443	--	
Undistributed Cash Flow from Prior Year	--	--	225,077	--	
Operations	\$ 11,158	\$ (183,315)	\$ (227,520)	225,077	
Cash Generated (Deficiency) after Cash Distributions					
Special Items (not including sales and financing):					
Source of Funds:					
General Partner Contributions	--	--	--	--	
Increase in Limited Partner Contributions/(5)/	--	--	1,898,147	30,144,542	
Use of Funds:					
Sales Commissions and Offering Expenses	--	--	464,760	4,310,028	
Return of Limited Partner's Investment	--	8,600	--	--	
Property Acquisitions and Deferred Project Costs	1,850,859	10,675,811	7,931,566	6,618,273	
Cash Generated (Deficiency) after Cash Distributions and Special Items	\$(1,839,701)	\$(10,867,726)	\$(6,725,699)	19,441,318	
Net Income and Distributions Data per \$1,000 Invested:					
Invested:					
Net Income on GAAP Basis:					
Ordinary Income (Loss)					
- Operations Class A Units	91	73	46	28	
- Operations Class B Units	(212)	(150)	(47)	(3)	
Capital Gain (Loss)	--	--	--	--	
Tax and Distributions Data per \$1,000 Invested:					
Federal Income Tax Results:					
Ordinary Income (Loss)					
- Operations Class A Units	89	65	46	17	
- Operations Class B Units	(131)	(95)	(33)	(3)	
Capital Gain (Loss)	--	--	--	--	
Cash Distributions to Investors:					
Source (on GAAP Basis)					
- Investment Income Class A Units	83	54	43	--	
- Return of Capital Class A Units	--	--	--	--	
- Return of Capital Class B Units	--	--	--	--	
Source (on Cash Basis)					
- Operations Class A Units	83	47	43	--	
- Return of Capital Class A Units	--	7	0	--	
- Operations Class B Units	--	--	--	--	
Source (on a Priority Distribution Basis)/(5)/					
- Investment Income Class A Units	67	42	33	--	
- Return of Capital Class A Units	16	12	10	--	
- Return of Capital Class B Units	--	--	--	--	
Amount (in Percentage Terms) Remaining Invested in Program Properties at the end of the Last Year Reported in the Table	100%				

- /(1)/ Includes \$28,377 in equity in earnings of joint ventures and \$374,051 from investment of reserve funds in 1995, \$241,819 in equity in earnings of joint ventures and \$815,875 from investment of reserve funds in 1996, \$1,034,907 in equity in earnings of joint ventures and \$169,111 from investment of reserve funds in 1997, and \$1,346,367 in equity in earnings of joint ventures and \$16,146 from investment of reserve funds in 1998. At December 31, 1998, the leasing status was 99% including developed property in initial lease up.
- /(2)/ Includes partnership administrative expenses.
- /(3)/ Included in equity in earnings of joint ventures in gross revenues is depreciation of \$14,058 for 1995, \$265,259 for 1996, \$841,666 for 1997, and \$1,157,355 for 1998.
- /(4)/ In accordance with the partnership agreement, net income or loss, depreciation and amortization are allocated \$294,221 to Class A Limited

Partners, \$(20,104) to Class B Limited Partners and \$(203) to the General Partners for 1995; \$1,207,540 to Class A Limited Partners, \$(270,653) to Class B Limited Partners and \$(297) to the General Partners for 1996; \$1,947,536 to Class A Limited Partners, \$(844,969) to Class B Limited Partners and \$0 to the General Partners for 1997; and \$2,431,246 to Class A Limited Partners, \$(1,162,075) to Class B Limited Partners and \$0 to the General Partners for 1998.

(5) Pursuant to the terms of the partnership agreement, an amount equal to the cash distributions paid to Class A Limited Partners is payable as priority distributions out of the first available net proceeds from the sale of partnership properties to Class B Limited Partners. The amount of cash distributions paid per unit to Class A Limited Partners is shown as a return of capital to the extent of such priority distributions payable to Class B Limited Partners. As of December 31, 1998, the aggregate amount of such priority distributions payable to Class B Limited Partners totalled \$989,966.

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

	1998	1997	1996	1995	1994
Gross Revenues/(1)/	\$ 1,561,456	\$ 1,199,300	\$ 406,891	N/A	N/A
Profit on Sale of Properties	--	--	--	--	--
Less: Operating Expenses/(2)/	105,251	101,284	101,885		
Depreciation and Amortization/(3)/	6,250	6,250	6,250		
Net Income GAAP Basis/(4)/	\$ 1,449,955	\$ 1,091,766	\$ 298,756		
Taxable Income: Operations	\$ 1,906,011	\$ 1,083,824	\$ 304,552		
Cash Generated (Used By):					
Operations	\$ 80,147	\$ 501,390	\$ 151,150		
Joint Ventures	2,125,489	527,390	--		
	\$ 2,205,636	\$ 1,028,780	\$ 151,150		
Less Cash Distributions to Investors:					
Operating Cash Flow	\$ 2,188,189	\$ 1,028,780	\$ 149,425		
Return of Capital	--	41,834	--		
Undistributed Cash Flow From Prior Year Operations	--	1,725	--		
Cash Generated (Deficiency) after Cash Distributions	\$ 17,447	\$ (43,559)	\$ 1,725		
Special Items (not including sales and financing):					
Source of Funds:					
General Partner Contributions	--	--	--		
Increase in Limited Partner Contributions	--	--	35,000,000		
	\$ 17,447	\$ (43,559)	\$35,001,725		
Use of Funds:					
Sales Commissions and Offering Expenses	--	323,039	4,900,321		
Return of Original Limited Partner's Investment	--	100	--		
Property Acquisitions and Deferred Project Costs	9,455,554	13,427,158	6,544,019		
Cash Generated (Deficiency) after Cash Distributions and Special Items	\$ (9,438,107)	\$ (13,793,856)	\$23,557,385		
Net Income and Distributions Data per \$1,000 Invested:					
Net Income on GAAP Basis:					
Ordinary Income (Loss)					
- Operations Class A Units	88	53	28		
- Operations Class B Units	(218)	(77)	(11)		
Capital Gain (Loss)	--	--	--		
Tax and Distributions Data per \$1,000 Invested:					
Federal Income Tax Results:					
Ordinary Income (Loss)					
- Operations Class A Units	85	46	26		
- Operations Class B Units	(123)	(47)	(48)		
Capital Gain (Loss)	--	--	--		
Cash Distributions to Investors:					
Source (on GAAP Basis)					
- Investment Income Class A Units	73	36	13		
- Return of Capital Class A Units	--	--	--		
- Return of Capital Class B Units	--	--	--		
Source (on Cash Basis)					
- Operations Class A Units	73	35	13		
- Return of Capital Class A Units	--	1	--		
- Operations Class B Units	--	--	--		
Source (on a Priority Distribution Basis)/(5)/					
- Investment Income Class A Units	61	29	10		
- Return of Capital Class A Units	12	7	3		
- Return of Capital Class B Units	--	--	--		
Amount (in Percentage Terms) Remaining Invested in Program Properties at the end of the Last Year Reported in the Table	100%				

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- / (1) / Includes \$23,007 in equity in earnings of joint ventures and \$383,884 from investment of reserve funds in 1996, and \$593,914 in equity in earnings of joint ventures and \$605,386 from investment of reserve funds in 1997, and \$1,481,869 in equity in earnings of joint ventures and \$79,587 from investment of reserve funds in 1998. At December 31, 1998, the leasing status was 99% including developed property in initial lease up.
- / (2) / Includes partnership administrative expenses.
- / (3) / Included in equity in earnings of joint ventures in gross revenues is depreciation of \$25,286 for 1996, \$469,126 for 1997, and \$1,143,407 for 1998.
- / (4) / In accordance with the partnership agreement, net income or loss, depreciation and amortization are allocated \$330,270 to Class A Limited Partners, \$(31,220) to Class B Limited Partners and \$(294) to the General Partners for 1996; \$1,564,778 to Class A Limited Partners, \$(472,806) to Class B Limited Partners and \$(206) to the General Partners for 1997; and \$2,597,938 to Class A Limited Partners, \$(1,147,983) to Class B Limited Partners and \$0 to the General Partners for 1998.
- / (5) / Pursuant to the terms of the partnership agreement, an amount equal to the cash distributions paid to Class A Limited Partners is payable as priority distributions out of the first available net proceeds from the sale of partnership properties to Class B Limited Partners. The amount of cash distributions paid per unit to Class A Limited Partners is shown as a return of capital to the extent of such priority distributions payable to Class B Limited Partners. As of December 31, 1998, the aggregate amount of such priority distributions payable to Class B Limited Partners totalled \$609,724.

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

	1998	1997	1996	1995	1994
Gross Revenues/(1)/	\$ 1,204,597	\$ 372,507	N/A	N/A	N/A
Profit on Sale of Properties	--	--			
Less: Operating Expenses/(2)/	99,034	88,232			
Depreciation and Amortization/(3)/	55,234	6,250			
Net Income GAAP Basis/(4)/	\$ 1,050,329	\$ 278,025			
Taxable Income: Operations	\$ 1,277,016	\$ 382,543			
Cash Generated (Used By):					
Operations	\$ 300,019	\$ 200,668			
Joint Ventures	886,846	--			
	\$ 1,186,865	\$ 200,668			
Less Cash Distributions to Investors:					
Operating Cash Flow	1,186,865	--			
Return of Capital	19,510	--			
Undistributed Cash Flow From Prior Year Operations	200,668	--			
Cash Generated (Deficiency) after Cash Distributions	\$ (220,178)	\$ 200,668			
Special Items (not including sales and financing):					
Source of Funds:					
General Partner Contributions	--	--			
Increase in Limited Partner Contributions	--	27,128,912			
	\$ (220,178)	\$27,329,580			
Use of Funds:					
Sales Commissions and Offering Expenses	300,725	3,737,363			
Return of Original Limited Partner's Investment	--	100			
Property Acquisitions and Deferred Project Costs	17,613,067	5,188,485			
Cash Generated (Deficiency) after Cash Distributions and Special Items	\$ (18,133,970)	\$18,403,632			
Net Income and Distributions Data per \$1,000 Invested:					
Net Income on GAAP Basis:					
Ordinary Income (Loss)					
- Operations Class A Units	85	28			
- Operations Class B Units	(123)	(9)			
Capital Gain (Loss)	--	--			
Tax and Distributions Data per \$1,000 Invested:					
Federal Income Tax Results:					
Ordinary Income (Loss)					
- Operations Class A Units	78	35			
- Operations Class B Units	(64)	0			
Capital Gain (Loss)	--	--			
Cash Distributions to Investors:					
Source (on GAAP Basis)					
- Investment Income Class A Units	66	--			
- Return of Capital Class A Units	--	--			
- Return of Capital Class B Units	--	--			

Source (on Cash Basis)		
- Operations Class A Units	56	--
- Return of Capital Class A Units	10	--
- Operations Class B Units	--	--
Source (on a Priority Distribution Basis)/(5)/		
- Investment Income Class A Units	48	--
- Return of Capital Class A Units	18	--
- Return of Capital Class B Units	--	--
Amount (in Percentage Terms) Remaining Invested in Program Properties at the end of the Last Year Reported in the Table	100%	

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-
- / (1) / Includes \$(10,035) in equity in earnings of joint ventures and \$382,542 from investment of reserve funds in 1997, and \$869,555 in equity in earnings of joint ventures, \$120,000 in rental income and \$215,042 from investment of reserve funds in 1998. At December 31, 1998, the leasing status was 99% including developed property in initial lease up.
- / (2) / Includes partnership administrative expenses.
- / (3) / Included in equity in earnings of joint ventures in gross revenues is depreciation of \$18,675 for 1997, and \$674,986 for 1998.
- / (4) / In accordance with the partnership agreement, net income or loss, depreciation and amortization are allocated \$302,862 to Class A Limited Partners, \$(24,675) to Class B Limited Partners and \$(162) to the General Partners for 1997, and \$1,779,191 to Class A Limited Partners, \$(728,524) to Class B Limited Partners and \$(338) to General Partners for 1998.
- / (5) / Pursuant to the terms of the partnership agreement, an amount equal to the cash distributions paid to Class A Limited Partners is payable as priority distributions out of the first available net proceeds from the sale of partnership properties to Class B Limited Partners. The amount of cash distributions paid per unit to Class A Limited Partners is shown as a return of capital to the extent of such priority distributions payable to Class B Limited Partners. As of December 31, 1998, the aggregate amount of such priority distributions payable to Class B Limited Partners totalled \$388,585.

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

	1998	1997	1996	1995	1994
Gross Revenues/(1)/	262,729	N/A	N/A	N/A	N/A
Profit on Sale of Properties	--				
Less: Operating Expenses/(2)/	113,184				
Depreciation and Amortization/(3)/	6,250				
Net Income GAAP Basis/(4)/	\$ 143,295				
Taxable Income: Operations	\$ 177,692				
Cash Generated (Used By):					
Operations	(50,858)				
Joint Ventures	102,662				
	51,804				
Less Cash Distributions to Investors:					
Operating Cash Flow	51,804				
Return of Capital	48,070				
Undistributed Cash Flow From Prior Year Operations	--				
Cash Generated (Deficiency) after Cash Distributions	(48,070)				
Special Items (not including sales and financing):					
Source of Funds:					
General Partner Contributions	--				
Increase in Limited Partner Contributions	16,532,801				
	16,484,731				
Use of Funds:					
Sales Commissions and Offering Expenses	1,779,661				
Return of Original Limited Partner's Investment	--				
Property Acquisitions and Deferred Project Costs	5,412,870				
Cash Generated (Deficiency) after Cash Distributions and Special Items	\$ 9,292,200				
Net Income and Distributions Data per \$1,000 Invested:					

Net Income on GAAP Basis:	
Ordinary Income (Loss)	
- Operations Class A Units	50
- Operations Class B Units	(77)
Capital Gain (Loss)	--
Tax and Distributions Data per \$1,000 Invested:	
Federal Income Tax Results:	
Ordinary Income (Loss)	
- Operations Class A Units	18
- Operations Class B Units	(17)
Capital Gain (Loss)	--
Cash Distributions to Investors:	
Source (on GAAP Basis)	
- Investment Income Class A Units	14
- Return of Capital Class A Units	--
- Return of Capital Class B Units	--
Source (on Cash Basis)	
- Operations Class A Units	7
- Return of Capital Class A Units	7
- Operations Class B Units	--
Source (on a Priority Distribution Basis)/(5)/	
- Investment Income Class A Units	11
- Return of Capital Class A Units	3
- Return of Capital Class B Units	--
Amount (in Percentage Terms) Remaining Invested in Program	
Properties at the end of the Last Year Reported in the Table	100%

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-
- /(1)/ Includes \$142,163 in equity in earnings of joint ventures and \$120,566 from investment of reserve funds in 1998. At December 31, 1998, the leasing status was 99% including developed property in initial lease up.
 - /(2)/ Includes partnership administrative expenses.
 - /(3)/ Included in equity in earnings of joint ventures in gross revenues is depreciation of \$105,458 for 1998.
 - /(4)/ In accordance with the partnership agreement, net income or loss, depreciation and amortization are allocated \$254,862 to Class A Limited Partners, \$(111,067) to Class B Limited Partners and \$(500) to General Partners for 1998.
 - /(5)/ Pursuant to the terms of the partnership agreement, an amount equal to the cash distributions paid to Class A Limited Partners is payable as priority distributions out of the first available net proceeds from the sale of partnership properties to Class B Limited Partners. The amount of cash distributions paid per unit to Class A Limited Partners is shown as a return of capital to the extent of such priority distributions payable to Class B Limited Partners. As of December 31, 1998, the aggregate amount of such priority distributions payable to Class B Limited Partners totalled \$24,621.

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EXHIBIT "A"

SUBSCRIPTION AGREEMENT

To: Wells Real Estate Investment Trust, Inc.
3885 Holcomb Bridge Road
Norcross, Georgia 30092

Ladies and Gentlemen:

The undersigned, by signing and delivering a copy of the attached Subscription Agreement Signature Page, hereby tenders this subscription and applies for the purchase of the number of shares of common stock ("Shares") of Wells Real Estate Investment Trust, Inc., a Maryland corporation (the "Company"), set forth on such Subscription Agreement Signature Page. Payment for the Shares is hereby made by check payable to "Bank of America, N.A., as Escrow Agent."

Payments for Shares will be held in escrow until the Company has received and accepted subscriptions for 125,000 Shares (\$1,250,000), except with respect to residents of the States of New York and Pennsylvania, whose payments for Shares will be held in escrow until the Company has received and accepted subscriptions for 250,000 Shares (\$2,500,000) from all investors.

I hereby acknowledge receipt of the Prospectus of the Company dated January 30, 1998 (the "Prospectus").

I agree that if this subscription is accepted, it will be held, together with the accompanying payment, on the terms described in the Prospectus. Subscriptions may be rejected in whole or in part by the Company in its sole and absolute discretion.

Prospective investors are hereby advised of the following:

(a) The assignability and transferability of the Shares is restricted and will be governed by the Company's Articles of Incorporation and Bylaws and all applicable laws as described in the Prospectus.

(b) Prospective investors should not invest in Shares unless they have an adequate means of providing for their current needs and personal contingencies and have no need for liquidity in this investment.

(c) There will be no public market for the Shares, and accordingly, it may not be possible to readily liquidate an investment in the Company.

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SPECIAL NOTICE FOR CALIFORNIA RESIDENTS ONLY
CONDITIONS RESTRICTING TRANSFER OF SHARES

260.141.11 Restrictions on Transfer.

(a) The issuer of any security upon which a restriction on transfer has been imposed pursuant to Sections 260.102.6, 260.141.10 or 260.534 of the Rules (the "Rules") adopted under the California Corporate Securities Law (the "Code") shall cause a copy of this section to be delivered to each issuee or transferee of such security at the time the certificate evidencing the security is delivered to the issuee or transferee.

(b) It is unlawful for the holder of any such security to consummate a sale or transfer of such security, or any interest therein, without the prior written consent of the Commissioner (until this condition is removed pursuant to Section 260.141.12 of the Rules), except:

(1) to the issuer;

(2) pursuant to the order or process of any court;

(3) to any person described in subdivision (i) of Section 25102 of the Code or Section 260.105.14 of the Rules;

(4) to the transferor's ancestors, descendants or spouse, or any custodian or trustee for the account of the transferor or the transferor's ancestors, descendants or spouse; or to a transferee by a trustee or custodian for the account of the transferee or the transferee's ancestors, descendants or spouse;

(5) to holders of securities of the same class of the same issuer;

(6) by way of gift or donation inter vivos or on death;

(7) by or through a broker-dealer licensed under the Code (either

acting as such or as a finder) to a resident of a foreign state, territory or country who is neither domiciled in this state to the knowledge of the broker-dealer, nor actually present in this state if the sale of such securities is not in violation of any securities laws of the foreign state, territory or country concerned;

(8) to a broker-dealer licensed under the Code in a principal transaction, or as an underwriter or member of an underwriting syndicate or selling group;

(9) if the interest sold or transferred is a pledge or other lien given by the purchaser to the seller upon a sale of the security for which the Commissioner's written consent is obtained or under this rule not required;

(10) by way of a sale qualified under Sections 25111, 25112, 25113 or 25121 of the Code, of the securities to be transferred, provided that no order under Section 25140 or subdivision (a) of Section 25143 is in effect with respect to such qualification;

(11) by a corporation to a wholly owned subsidiary of such corporation, or by a wholly owned subsidiary of a corporation to such corporation;

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(12) by way of an exchange qualified under Section 25111, 25112 or 25113 of the Code provided that no order under Section 25140 or subdivision (a) of Section 25143 is in effect with respect to such qualification;

(13) between residents of foreign states, territories or countries who are neither domiciled or actually present in this state;

(14) to the State Controller pursuant to the Unclaimed Property Law or to the administrator of the unclaimed property law of another state;

(15) by the State Controller pursuant to the Unclaimed Property Law or by the administrator of the unclaimed property law of another state if, in either such case, such person (i) discloses to potential purchasers at the sale that transfer of the securities is restricted under this rule, (ii) delivers to each purchaser a copy of this rule, and (iii) advises the Commissioner of the name of each purchaser;

(16) by a trustee to a successor trustee when such transfer does not involve a change in the beneficial ownership of the securities;

(17) by way of an offer and sale of outstanding securities in an issuer transaction that is subject to the qualification requirement of Section 25110 of the Code but exempt from that qualification requirement by subdivision (f) of Section 25102; provided that any such transfer is on the condition that any certificate evidencing the security issued to such transferee shall contain the legend required by this section.

(c) The certificates representing all such securities subject to such a restriction on transfer, whether upon initial issuance or upon any transfer thereof, shall bear on their face a legend, prominently stamped or printed thereon in capital letters of not less than 10-point size, reading as follows:

"IT IS UNLAWFUL TO CONSUMMATE A SALE OR TRANSFER OF THIS SECURITY, OR ANY INTEREST THEREIN, OR TO RECEIVE ANY CONSIDERATION THEREFOR, WITHOUT THE PRIOR WRITTEN CONSENT OF THE COMMISSIONER OF CORPORATIONS OF THE STATE OF CALIFORNIA, EXCEPT AS PERMITTED IN THE COMMISSIONER'S RULES."

[Last amended effective January 21, 1988.]

In no event may a subscription for Shares be accepted until at least five business days after the date the subscriber receives the Prospectus. Residents of the States of Maine, Massachusetts, Minnesota, Missouri and Nebraska who first received the Prospectus only at the time of subscription may receive a refund of the subscription amount upon request to the Company within five days of the date of subscription.

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STANDARD REGISTRATION REQUIREMENTS

The following requirements have been established for the various forms of registration. Accordingly, complete Subscription Agreements and such supporting material as may be necessary must be provided.

TYPE OF OWNERSHIP AND SIGNATURE(S) REQUIRED

1. INDIVIDUAL: One signature required.
2. JOINT TENANTS WITH RIGHT OF SURVIVORSHIP: All parties must sign.
3. TENANTS IN COMMON: All parties must sign.
4. COMMUNITY PROPERTY: Only one investor signature required.
5. PENSION OR PROFIT SHARING PLANS: The trustee signs the Signature Page.
6. TRUST: The trustee signs the Signature Page. Provide the name of the trust, the name of the trustee and the name of the beneficiary.
7. Company: Identify whether the entity is a general or limited partnership. The general partners must be identified and their signatures obtained on the Signature Page. In the case of an investment by a general partnership, all partners must sign (unless a "managing partner" has been designated for the partnership, in which case he may sign on behalf of the partnership if a certified copy of the document granting him authority to invest on behalf of the partnership is submitted).
8. CORPORATION: The Subscription Agreement must be accompanied by (1) a certified copy of the resolution of the Board of Directors designating the officer(s) of the corporation authorized to sign on behalf of the corporation and (2) a certified copy of the Board's resolution authorizing the investment.
9. IRA AND IRA ROLLOVERS: Requires signature of authorized signer (e.g., an officer) of the bank, trust company, or other fiduciary. The address of the trustee must be provided in order for the trustee to receive checks and other pertinent information regarding the investment.
10. KEOGH (HR 10): Same rules as those applicable to IRAs.
11. UNIFORM GIFT TO MINORS ACT (UGMA) or UNIFORM TRANSFERS TO MINORS ACT (UTMA): The required signature is that of the custodian, not of the parent (unless the parent has been designated as the custodian). Only one child is permitted in each investment under UGMA or UTMA. In addition, designate the state under which the gift is being made.

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INSTRUCTIONS TO SUBSCRIPTION AGREEMENT SIGNATURE PAGE
TO WELLS REAL ESTATE INVESTMENT TRUST, INC. SUBSCRIPTION AGREEMENT

INVESTOR
INSTRUCTIONS

Please follow these instructions carefully. Failure to do so may result in the rejection of your subscription. All information on the Subscription Agreement Signature Page should be completed as follows:

1. INVESTMENT
- a. GENERAL: A minimum investment of \$1,000 (100 Shares) is required, except for certain states which require a higher minimum investment. A CHECK FOR THE FULL PURCHASE PRICE OF THE SHARES SUBSCRIBED FOR SHOULD BE MADE PAYABLE TO THE ORDER OF "BANK OF AMERICA, N.A., AS ESCROW AGENT." Investors who have satisfied the minimum purchase requirements in Wells Real Estate Fund I, Wells Real Estate Fund II, Wells Real Estate Fund II-OW, Wells Real Estate Fund III, L.P., Wells Real Estate Fund IV, L.P., Wells Real Estate Fund V, L.P., Wells Real Estate Fund VI, L.P., Wells Real Estate Fund VII, L.P., Wells Real Estate Fund VIII, L.P., Wells Real Estate Fund IX, L.P., Wells Real Estate Fund X, L.P., Wells Real Estate Fund XI, L.P. or Wells Real Estate Fund XII, L.P. or in any other public real estate program may invest as little as \$25 (2.5 Shares) except for residents of Maine, Minnesota, Nebraska or Washington. Shares may be purchased only by persons meeting the standards set forth under the Section of the Prospectus entitled "Investor Suitability Standards." Please indicate the state in which the sale was made.
- b. DEFERRED COMMISSION OPTION: Please check the box if you have agreed with your Broker-Dealer to elect the Deferred Commission Option, as described in the Prospectus, as supplemented to date. By electing the Deferred Commission Option, you are required to pay only \$9.40 per Share purchased upon subscription. For the next six years following the year of subscription, you will have a 1% sales commission (\$.10 per Share) per year deducted from and paid out of dividends or other cash distributions otherwise distributable to you. Election of the Deferred Commission Option shall authorize the Company to withhold such amounts from dividends or other cash distributions otherwise payable to you.

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2. Additional Investments Please check if you plan to make one or more additional investments in the Company. All additional investments must be in increments of at least \$25. Additional investments by residents of Maine must be for the minimum amounts stated under "Investor Suitability Standards" in the Prospectus, and residents of Maine must execute a new Subscription Agreement Signature Page to make additional investments in the Company. If additional investment sin the Company are made, the investor agrees to notify the Company and the Broker-Dealer named on the Subscription Agreement Signature Page in writing if at any time he fails to meet the applicable suitability standards or he is unable to make any other representations or warranties set forth in the Prospectus or the Subscription Agreement. The investor acknowledges that the Broker-Dealer named in the Subscription Agreement Signature Page may receive a commission not to exceed 7% of any such additional investments in the Company.
3. TYPE OF OWNERSHIP Please check the appropriate box to indicate the type of entity or type of individuals subscribing.
4. REGISTRATION NAME AND ADDRESS Please enter the exact name in which the Shares are to be held. For joint tenants with right of survivorship or tenants in common, include the names of both investors. In the case of partnerships or corporations, include the name of an individual to whom correspondence will be addressed. Trusts should include the name of the trustee. All investors must complete the space provided for taxpayer identification number or social security number. By signing in Section 6, the investor is certifying that this number is correct. Enter the mailing address and telephone numbers of the registered owner of this investment. In the case of a Qualified Plan or trust, this will be the address of the trustee. Indicate the birthdate and occupation of the registered owner unless the registered owner is a partnership, corporation or trust.
5. INVESTOR NAME AND ADDRESS Complete this Section only if the investor's name and address is different from the registration name and address provided in Section 4. If the Shares are registered in the name of a trust, enter the name, address, telephone number, social security number, birthdate and occupation of the beneficial owner of the trust.
6. SUBSCRIBER SIGNATURES Please separately initial each representation made by the investor where indicated. Except in the case of fiduciary accounts, the investor may not grant any person a power of attorney to make such representations on his or her behalf. Each investor must sign and date this Section. If title is to be held jointly, all parties must sign. If the registered owner is a partnership, corporation or trust, a general partner, officer or trustee of the entity must sign. PLEASE NOTE THAT THESE SIGNATURES DO NOT HAVE TO BE NOTARIZED.

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7. DISTRIBUTIONS
- a. DISTRIBUTION REINVESTMENT PLAN: By electing the Distribution Reinvestment Plan, the investor elects to reinvest all distributions of Cash Available for Distribution in the Company and to have the option in the future to invest net cash from operations in limited

partnerships sponsored by the Advisor or its affiliates which have substantially identical investment objectives as the Company. The investor agrees to notify the Company and the Broker-Dealer named on the Subscription Agreement Signature Page in writing if at any time he fails to meet the applicable suitability standards or he is unable to make any other representations and warranties as set forth in the Prospectus or Subscription Agreement or in the prospectus and subscription agreement of any future limited partnerships sponsored by the Advisor or its affiliates. The investor acknowledges that the Broker-Dealer named in the Subscription Agreement Signature Page may receive a commission not to exceed 7% of any reinvested distributions.

- b. DISTRIBUTION ADDRESS: If cash distributions are to be sent to an address other than that provided in Section 4 (i.e., a bank, brokerage firm or savings and loan, etc.), please provide the name, account number and address.

8. BROKER-DEALER

This Section is to be completed by the Registered Representative. Please complete all BROKER-DEALER information contained in Section 8 including suitability certification. SIGNATURE PAGE MUST BE SIGNED BY AN AUTHORIZED REPRESENTATIVE.

The Subscription Agreement Signature Page, which has been delivered with this Prospectus, together with a check for the full purchase price, should be delivered or mailed to your Broker-Dealer. Only original, completed copies of Subscription Agreements can be accepted. Photocopied or otherwise duplicated Subscription Agreements cannot be accepted by the Company.

IF YOU NEED FURTHER ASSISTANCE IN COMPLETING THIS
SUBSCRIPTION AGREEMENT SIGNATURE PAGE,
PLEASE CALL 1-800-448-1010

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SEE PRECEDING PAGE
FOR INSTRUCTIONS

Special Instructions:

WELLS REAL ESTATE INVESTMENT TRUST, INC.
SUBSCRIPTION AGREEMENT SIGNATURE PAGE

1. =====INVESTMENT=====

	Make Investment Check Payable to:
	NationsBank, N.A.,
	as Escrow Agent
<u># of Shares</u>	<u>Total \$ Invested</u>
(# Shares x \$10 = \$ Invested)	<input type="checkbox"/> Initial Investment (Minimum \$1,000)
Minimum purchase \$1,000 or 100 Shares	<input type="checkbox"/> Additional Investment (Minimum \$25)
	State in which sale was made _____

Check the following box to elect the Deferred Commission Option:
(This election must be agreed to by the Broker-Dealer listed below)

2. =====ADDITIONAL INVESTMENTS=====

Please check if you plan to make additional investments in the Company:
[If additional investments are made, please include social security number
or other taxpayer identification number on your check.]
[All additional investments must be made in increments of at least \$25.]

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

- | | |
|--|---|
| <input type="checkbox"/> IRA (06) | <input type="checkbox"/> Individual (01) |
| <input type="checkbox"/> Keogh (10) | <input type="checkbox"/> Joint Tenants With Right of Survivorship (02) |
| <input type="checkbox"/> Qualified Pension Plan (11) | <input type="checkbox"/> Community Property (03) |
| <input type="checkbox"/> Qualified Profit Sharing Plan (12) | <input type="checkbox"/> Tenants in Common (04) |
| <input type="checkbox"/> Other Trust
For the Benefit of _____ | <input type="checkbox"/> Custodian: A Custodian for _____ under
the Uniform Gift to Minors Act or the Uniform
Transfers to Minors Act of the State of _____ |
| <input type="checkbox"/> Company (15) | <input type="checkbox"/> Other _____ (08) |
| | <input type="checkbox"/> Other _____ |

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

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

Taxpayer Identification Number

[] []-[] [] [] [] [] [] [] []
Social Security Number
[] [] []-[] [] []-[] [] [] []

Street Address _____
or P.O. Box _____
City _____ State _____ Zip Code _____
Home _____ Business ()
Telephone No. _____
Birthdate _____ Occupation _____

5. =====INVESTOR NAME AND ADDRESS=====

(COMPLETE ONLY IF DIFFERENT FROM REGISTRATION NAME AND ADDRESS)

[] Mr [] Mrs [] Ms [] MD [] PhD [] DDS [] Other _____

Name _____ Social Security Number
[] [] []-[] [] []-[] [] [] []

Street Address _____
or P.O. Box _____
City _____ State _____ Zip Code _____
Home _____ Business ()
Telephone No. _____
Birthdate _____ Occupation _____

(REVERSE SIDE MUST BE COMPLETED)

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

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

(REVERSE SIDE MUST BE COMPLETED)

- (a) I have received the Prospectus. Initials Initials
- (b) I accept and agree to be bound by the terms and conditions of the Articles of Incorporation. Initials Initials
- (c) I have (i) a net worth (exclusive of home, home furnishings and automobiles) of \$150,000 or more; or (ii) a net worth (as described above) of at least \$45,000 and had during the last tax year or estimate that I will have during the current tax year a minimum of \$45,000 annual gross income, or that I meet the higher suitability requirements imposed by my state of primary residence as set forth in the Prospectus under "Investor Suitability Standards." Initials Initials
- (d) If I am a California resident or if the Person to whom I subsequently propose to assign or transfer any Shares is a California resident, I may not consummate a sale or transfer of my Shares, or any interest therein, or receive any consideration therefor, without the prior written consent of the Commissioner of the Department of Corporations of the State of California, except as permitted in the Commissioner's Rules, and I understand that my Shares, or any document evidencing my Shares, will bear a legend reflecting the substance of the foregoing understanding. Initials Initials
- (e) ARKANSAS AND TEXAS RESIDENTS ONLY: I am purchasing the Shares for my own account and acknowledge that the investment is not liquid. Initials Initials

I declare that the information supplied above is true and correct and may be relied upon by the Company in connection with my investment in the Company. Under penalties of perjury, by signing this Signature Page, I hereby certify that (a) I have provided herein my correct Taxpayer Identification Number, and (b) I am not subject to back-up withholding as a result of a failure to report all interest or dividends, or the Internal Revenue Service has notified me that I am no longer subject to back-up withholding.

Signature of Investor or Trustee _____ Signature of Joint Owner, if applicable _____ Date _____
(MUST BE SIGNED BY TRUSTEE(S) IF IRA, KEOGH OR QUALIFIED PLAN.)

7. =====DISTRIBUTIONS=====
- 7a. Check the following box to participate in the Distribution Reinvestment Plan: []
- 7b. Complete the following section only to direct distributions to a party other than registered owner:

Name _____
Account Number _____
Street Address or P.O. Box _____
City _____ State _____ Zip Code _____

8. =====BROKER-DEALER=====
- (TO BE COMPLETED BY REGISTERED REPRESENTATIVE)

The Broker-Dealer or authorized representative must sign below to complete order. Broker-Dealer warrants that it is a duly licensed Broker-Dealer and may lawfully offer Shares in the state designated as the investor's address or the state in which the sale was made, if different. The Broker-Dealer or authorized representative warrants that he has reasonable grounds to believe this investment is suitable for the subscriber as defined in Section 3(b) of Appendix F and that he has informed subscriber of all aspects of liquidity and marketability of this investment as required by Section 4 of Appendix F (Attachment No. 1 to Dealer Agreement).

Broker-Dealer Name _____ Telephone No. __ (____) _____
Broker-Dealer Street _____
Address or P.O. Box _____
City _____ State _____ Zip Code _____

Registered Representative Name _____ Telephone No. __ (____) _____

Reg. Rep. Street _____
Address or P.O. Box _____
City _____ State _____ Zip Code _____

Broker-Dealer Signature, if required _____ Registered Representative Signature _____

Please mail completed Subscription Agreement (with all signatures) and check(s) made payable to
Bank of America, N.A., as Escrow Agent to:
Wells Investment Securities, Inc.
3885 Holcomb Bridge Road
Norcross, Georgia 30092
800-448-1010 or 770-449-7800

Overnight address:
3885 Holcomb Bridge Road
Norcross, Georgia 30092
FOR COMPANY USE ONLY:

Mailing address:
P.O. Box 926040
Norcross, Georgia 30092-9209

ACCEPTANCE BY COMPANY Amount _____ Date _____
Received and Subscription Accepted: Check No. _____ Certificate No. _____
By: _____ Wells Real Estate Investment Trust, Inc.

Broker-Dealer # _____ Registered Representative # _____ Account # _____

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 31 Other Expenses of Issuance and Distribution

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

Amount

SEC Registration Fee	\$ 64,432
NASD Filing Fee	23,677
Printing Expenses	300,000
Legal Fees and Expenses	140,000
Accounting Fees and Expenses	11,000
Blue Sky Fees and Expenses	110,000
Miscellaneous	5,985,391

Total	\$6,634,500
	=====

Item 32 Sales to Special Parties

Not Applicable

Item 33 Recent Sales of Unregistered Securities

Not Applicable

Item 34 Indemnification of the Officers and Directors

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

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

Under the Company's Articles of Incorporation, the Company shall not indemnify its Directors, Advisor or any Affiliate for any liability or loss suffered by the Directors, Advisors or Affiliates, nor shall it provide that the Directors, Advisors or Affiliates be held harmless for any loss or liability suffered by the Company, unless all of the following conditions are met: (i) the Directors, Advisor or Affiliates have determined, in good faith, that the course of conduct which caused the loss or liability was in the best interests of the Company; (ii) the Directors, Advisor or Affiliates were acting on behalf of or performing services of the Company (iii) such liability or loss was not the result of (A) negligence or misconduct by the Directors, excluding the Independent Directors, Advisors or Affiliates; or (B)

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gross negligence or willful misconduct by the Independent Directors; and (iv) such indemnification or agreement to hold harmless is recoverable only out of the company's net assets and not from Shareholders. Notwithstanding the foregoing, the Directors, Advisors or Affiliates and any persons acting as a broker-dealer shall not be indemnified by the Company for any losses, liability or expenses arising from or out of an alleged violation of federal or state securities laws by such party unless one or more of the following conditions are met: (i) there has been a successful adjudication on the merits of each count involving alleged securities law violations as to the particular indemnitee; (ii) such claims have been dismissed with prejudice on the merits by a court of competent jurisdiction as to the particular indemnitee; and (iii) a court of competent jurisdiction approves a settlement of the claims against a particular

indemnitee and finds that indemnification of the settlement and the related costs should be made, and the court considering the request for indemnification has been advised of the position of the SEC and of the published position of any state securities regulatory authority in which securities of the Company were offered or sold as to indemnification for violations of securities laws.

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

The MGCL requires a Maryland corporation (unless its Articles of Incorporation provide otherwise, which the Company's Articles of Incorporation do not) to indemnify a director or officer who has been successful, on the merits or otherwise, in the defense of any proceeding to which he is made a party by reason of his service in that capacity. The MGCL permits a Maryland corporation to indemnify its present and former directors and officers, among others, against judgments, penalties, fines, settlements and reasonable expenses actually incurred by them in connection with any proceeding to which they may be made a party by reason of their service in those or other capacities unless it is established that (a) the act or omission of the director or officer was material to the matter giving rise to the proceeding and (i) was committed in bad faith or (ii) was the result of active and deliberate dishonesty, (b) the director or officer actually received an improper personal benefit in money, property or services or (c) in the case of any criminal proceeding, the director or officer had reasonable cause to believe that the act or omission was unlawful. However, under the MGCL a Maryland corporation may not indemnify for an adverse judgment in a suit by or in the right of the corporation or for a judgment of liability on the basis that personal benefit was improperly received, unless in either case a court orders indemnification and then only for expenses. In addition, the MGCL permits a corporation to advance reasonable expenses to director or officer upon the corporation's receipt of (a) a written affirmation by the director or officer of his good faith belief that he has met the standard of conduct necessary for indemnification by the Company as authorized by the Bylaws and (b) a written undertaking by or on his behalf to repay the amount paid or reimbursed by the Company if it shall ultimately be determined that the standard of conduct was not met. Indemnification under the provisions of the MGCL is not deemed exclusive of any other rights, by indemnification or otherwise, to which an officer or director may be entitled under the Company's Articles of Incorporation or Bylaws, or under resolutions of stockholders or directors, contract or otherwise. It is the position of the Commission that indemnification of directors and officers for liabilities arising under the Securities Act is against public policy and is unenforceable pursuant to Section 14 of the Securities Act.

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

Item 35 Treatment of Proceeds from Stock Being Registered

Not Applicable

Item 36 Financial Statements and Exhibits.

(a) Financial Statements:

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

- (1) Report of Independent Public Accountants,
- (2) Consolidated Balance Sheets as of December 31, 1998 and December 31, 1997,
- (3) Consolidated Statement of Income for the year ended December 31, 1998,
- (4) Consolidated Statement of Stockholders' Equity for the year ended December 31, 1998,
- (5) Consolidated Statement of Cash Flows for the year ended December 31, 1998, and
- (6) Notes to Consolidated Financial Statements.

The following financial statements of Fund IX and X Associates are filed as part of this Registration Statement and are included in the Prospectus:

- (1) Report of Independent Public Accountants,
- (2) Balance Sheets as of March 31, 1998 (Unaudited) and December 31, 1997 (Audited),
- (3) Statements of Income (Loss) for the three months ended March 31, 1998 (Unaudited) and the period from inception (March 20, 1997) to December 31, 1997 (Audited),
- (4) Statements of Partners' Capital for the three months ended March 31, 1998 (Unaudited) and the period from inception (March 20, 1997) to December 31, 1997 (Audited),
- (5) Statements of Cash Flows for the three months ended March 31, 1998 (Unaudited) and the period from inception (March 20, 1997) to December 31, 1997 (Audited), and
- (6) Notes to Financial Statements.

The following financial statements relating to the acquisition of the Lucent Building by the Fund IX-X-XI-REIT Joint Venture are filed as part of this Registration Statement and are included in the Prospectus:

- (1) Statement of Revenues Over Certain Operating Expenses for the three months ended March 31, 1998 (Unaudited), and

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- (2) Notes to Statement of Revenues Over Certain Operating Expenses for the three months ended March 31, 1998 (Unaudited).

The following financial statements relating to the acquisition of the Iomega Building by the Fund IX-X-XI-REIT Joint Venture are filed as part of this Registration Statement and are included in the Prospectus:

- (1) Report of Independent Public Accountants,
- (2) Statement of Revenues Over Certain Operating Expenses for the year ended December 31, 1997 (Audited) and for the six months ended June 30, 1998 (Unaudited), and
- (3) Notes to Statement of Revenues Over Certain Operating Expenses for the year ended December 31, 1997 (Audited)

and for the six months ended June 30, 1998 (Unaudited).

The following financial statements relating to the acquisition of the Fairchild Building by Wells/Fremont Associates are filed as part of this Registration Statement and are included in the Prospectus:

- (1) Report of Independent Public Accountants,
- (2) Statement of Revenues Over Certain Operating Expenses for the year ended December 31, 1997 (Audited) and for the six months ended June 30, 1998 (Unaudited), and
- (3) Notes to Statement of Revenues Over Certain Operating Expenses for the year ended December 31, 1997 (Audited) and for the six months ended June 30, 1998 (Unaudited).

The following financial statements relating to the acquisition of the Cort Furniture Building by Wells/Orange County Associates are filed as part of this Registration Statement and are included in the Prospectus:

- (1) Report of Independent Public Accountants,
- (2) Statement of Revenues Over Certain Operating Expenses for the year ended December 31, 1997 (Audited) and for the six months ended June 30, 1998 (Unaudited), and
- (3) Notes to Statement of Revenues Over Certain Operating Expenses for the year ended December 31, 1997 (Audited) and for the six months ended June 30, 1998 (Unaudited).

The following financial statements relating to the acquisition of the Vanguard Cellular Building by Wells Operating Partnership, L.P. are filed as part of this Registration Statement and are included in the Prospectus:

- (1) Report of Independent Public Accountants,
- (2) Statement of Revenues Over Certain Operating Expenses for the period from inception (November 16, 1998) to December 31, 1998, and

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- (3) Notes to Statement of Revenues Over Certain Operating Expenses for the period from inception (November 16, 1998) to December 31, 1998.

The following financial statements relating to the acquisition of the EYBL CarTex Building by the Fund XI-Fund XII-REIT Joint Venture are filed as part of this Registration Statement and are included in the Prospectus:

- (1) Report of Independent Public Accountants,
- (2) Statement of Revenues Over Certain Operating Expenses for the year ended December 31, 1998 (Audited) and for the three months ended March 31, 1999 (Unaudited), and
- (3) Notes to Statement of Revenues Over Certain Operating Expenses for the year ended December 31, 1998 (Audited) and for the three months ended March 31, 1999 (Unaudited).

The following financial statements relating to the acquisition of the Sprint Building by the Fund XI-Fund XII-REIT Joint Venture are filed as part of this Registration Statement and are included in the Prospectus:

- (1) Report of Independent Public Accountants,
- (2) Statement of Revenues Over Certain Operating Expenses for the year ended December 31, 1998 (Audited) and for the three months ended March 31, 1999 (Unaudited), and

- (3) Notes to Statement of Revenues Over Certain Operating Expenses for the year ended December 31, 1998 (Audited) and for the three months ended March 31, 1999 (Unaudited).

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

- (1) Summary of Unaudited Pro Forma Financial Statements,
- (2) Pro Forma Balance Sheet as of March 31, 1999,
- (3) Pro Forma Statement of Income for the year ended December 31, 1998, and
- (4) Pro Forma Statement of Income for the three months ended March 31, 1999.

(b) Exhibits (See Exhibit Index):

Exhibit No. Description

- 1.1 Form of Dealer Manager Distribution Agreement
- 1.2 Form of Warrant Purchase Agreement
- 3.1 Amended and Restated Articles of Incorporation

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- 3.2 Form of Bylaws (previously filed in and incorporated by reference to Amendment No. 4 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on January 23, 1998)
- 3.3 Amendment No. 1 to Bylaws (previously filed in and incorporated by reference to Post-Effective Amendment No. 5 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on April 15, 1999)
- 4.1 Form of Subscription Agreement and Subscription Agreement Signature Page (included as Exhibit A to Prospectus)
- 5.1 Opinion of Holland & Knight LLP as to legality of securities (to be filed by amendment)
- 8.1 Opinion of Holland & Knight LLP as to tax matters (to be filed by amendment)
- 10.1 Agreement of Limited Partnership of Wells Operating Partnership, L.P. (previously filed in and incorporated by reference to Amendment No. 4 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on January 23, 1998)
- 10.2 Escrow Agreement between Registrant and Bank of America, N.A. (to be filed by amendment)
- 10.3 Advisory Agreement dated January 30, 1999 (previously filed in and incorporated by reference to Post-Effective Amendment No. 5 to the Registrant's Registration Statement on Form S-11, Commission File No.333-32099, filed on April 15, 1999)
- 10.4 Management Agreement between Registrant and Wells Management Company, Inc.
- 10.5 Leasing and Tenant Coordinating Agreement between Registrant and Wells Management Company, Inc.

- 10.6 Amended and Restated Joint Venture Agreement of The Fund IX, Fund X, Fund XI and REIT Joint Venture (previously filed in and incorporated by reference to Post-Effective Amendment No. 2 of the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on July 9, 1998)
- 10.7 Lease Agreement for the ABB Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 2 of the Registrant's Registration Statement on Form S-11, Commission File No.333-32099, filed on July 9, 1998)
- 10.8 Net Lease Agreement for the Lucent Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 2 of the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on July 9, 1998)
- 10.9 First Amendment to Net Lease Agreement for the Lucent Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 2 of the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on July 9, 1998)

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- 10.10 Lease Agreement for the Iomega Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 3 of the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on August 14, 1998)
- 10.11 Joint Venture Agreement of Wells/Fremont Associates (previously filed in and incorporated by reference to Post-Effective Amendment No. 3 of the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on August 14, 1998)
- 10.12 Lease Agreement for the Fairchild Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 3 of the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on August 14, 1998)
- 10.13 Joint Venture Agreement of Wells/Orange County Associates (previously filed in and incorporated by reference to Post-Effective Amendment No. 3 of the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on August 14, 1998)
- 10.14 Lease Agreement for the Associates Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 4 of the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on January 15, 1999)
- 10.15 Amended and Restated Promissory Note for \$15,500,000 relating to the PWC Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 4 of the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on January 15, 1999)
- 10.16 Amendment No. 1 to Mortgage and Security Agreement and other Loan Documents securing the PWC Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 4 of the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on January 15, 1999)
- 10.17 Lease for the PWC Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 4 of the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on January 15, 1999)
- 10.18 Promissory Note for \$6,425,000 to Bank of America, N.A. relating to the Vanguard Cellular Building (previously filed in and incorporated

by reference to Post-Effective Amendment No. 5 of the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on April 15, 1999)

10.19 Open-End Mortgage, Assignment of Leases and Rents, Security Agreement and Financing Statement securing the Vanguard Cellular Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 5 of the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on April 15, 1999)

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10.20 Build-To-Suit Office Lease Agreement for the Vanguard Cellular Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 5 of the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on April 15, 1999)

10.21 Amendment No. 1 to Build-To-Suit Office Lease Agreement for the Vanguard Cellular Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 5 of the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on April 15, 1999)

10.22 Amendment No. 2 to Build-To-Suit Office Lease Agreement for the Vanguard Cellular Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 5 of the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on April 15, 1999)

10.23 Build-To-Suit Office Lease Agreement Guaranty Payment and Performance for the Vanguard Cellular Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 5 of the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on April 15, 1999)

10.24 Development Agreement for the Matsushita Project (previously filed in and incorporated by reference to Post-Effective Amendment No. 5 of the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on April 15, 1999)

10.25 Office Lease for the Matsushita Project (previously filed in and incorporated by reference to Post-Effective Amendment No. 5 of the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on April 15, 1999)

10.26 Guaranty of Lease for the Matsushita Project (previously filed in and incorporated by reference to Post-Effective Amendment No. 5 of the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on April 15, 1999)

10.27 Rental Income Guaranty Agreement relating to the Bake Parkway Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 5 of the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on April 15, 1999)

10.28 Agreement of Sale and Purchase relating to the EYBL CarTex Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 6 of the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on July 15, 1999)

23.1 Consent of Holland & Knight LLP (included in exhibits 5.1 and 8.1)

23.2 Consent of Arthur Andersen LLP

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

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

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

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

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

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

(g) The Registrant undertakes to distribute to each shareholder,

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

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

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TABLE VI
ACQUISITIONS OF PROPERTIES BY PROGRAMS

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

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TABLE VI

Wells Funds VII and VIII

Name of property	CH2M Hill Building
Location of property	3011 S.W. Williston Road Gainesville, Alachua County, Florida
Type of property	Two-story office building
Size of parcel	5 acres
Gross leasable space	62,000 sq. feet
Date of commencement of operations/1/	Fund VII - April 26, 1994 Fund VIII - February 24, 1995
Date of purchase	January 20, 1995
Mortgage financing at date of purchase	N/A
Cash down payment	\$222,627

Contract purchase price plus acquisition fee	\$4,668,308
Other cash expenditures expensed	N/A
Other cash expenditures capitalized/2/	\$648,744
Total Acquisition Cost	\$5,317,052

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

/2/ Includes improvements made after acquisitions through June 30, 1999.

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TABLE VI (continued)

Wells Funds VI, VII and VIII

Name of property	BellSouth Building
Location of property	10375 Centurion Parkway North Jacksonville, Florida
Type of property	Four-story office building
Size of parcel	5.55 acres
Gross leasable space	97,075 sq. feet
Date of commencement of operations/3/	Fund VI - May 17, 1993 Fund VII - April 26, 1994 Fund VIII - February 24, 1995
Date of purchase	April 25, 1995
Mortgage financing at date of purchase	N/A
Cash down payment	\$15,000
Contract purchase price plus acquisition fee	\$1,245,049
Other cash expenditures expensed	N/A
Other cash expenditures capitalized/4/	\$7,359,984
Total Acquisition Cost	\$8,605,033

/3/ The date minimum offering proceeds were obtained and funds became available for investment in properties.

/4/ Includes improvements made after acquisitions June 30, 1999.

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TABLE VI (continued)

Wells Funds VI, VII and VIII

Name of property	Tanglewood Commons Shopping Center
Location of property	45 Highway 158 & State Road 1101 (Harper Road) Clemmons, Forsyth County, North Carolina
Type of property	Retail shopping center 14.683 acres
Gross leasable space	81,000 sq. feet
Date of commencement of operations/5/	Fund VI - May 17, 1993 Fund VII - April 26, 1994 Fund VIII - February 24, 1995
Date of purchase	May 31, 1995
Mortgage financing at date of purchase	N/A
Cash down payment	\$50,000
Contract purchase price plus acquisition fee	\$2,954,724
Other cash expenditures expensed	N/A
Other cash expenditures capitalized/6/	\$5,745,739
Total Acquisition Cost	\$8,700,463

/5/ The date minimum offering proceeds were obtained and funds became available for investment in properties.

/6/ Includes improvements made after acquisitions through June 30, 1999.

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TABLE VI (continued)

Wells Funds VI and VII

Name of property	Stockbridge Village I Expansion
Location of property	3576 Highway 138 Stockbridge, Clayton County, Georgia
Type of property	Multi-tenant shopping center
Size of parcel	3.38 acres
Gross leasable space	29,200 sq. feet
Date of commencement of operations/7/	Fund VI - May 17, 1993 Fund VII - April 26, 1994

Date of purchase	June 7, 1995
Mortgage financing at date of purchase	N/A
Cash down payment	\$675,200
Contract purchase price plus acquisition fee	\$718,489
Other cash expenditures expensed	N/A
Other cash expenditures capitalized/8/	\$2,342,483
Total Acquisition Cost	\$3,060,972

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

/8/ Includes improvements made after acquisitions through June 30, 1999.

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TABLE VI (continued)

Wells Funds VIII and IX

Name of property	Cellular One Building
Location of property	The American Center, Interstate 90/94 and U.S. Highway 151 Madison, Dade County, Wisconsin
Type of property	Four-story office building
Size of parcel	7.09 acres
Gross leasable space	96,750 sq. feet
Date of commencement of operations/9/	Fund VIII - February 24, 1995 Fund IX - February 12, 1996
Date of purchase	June 19, 1996
Mortgage financing at date of purchase	N/A
Cash down payment	\$25,000
Contract purchase price plus acquisition fee	\$949,887
Other cash expenditures expensed	N/A
Other cash expenditures capitalized/10/	\$9,936,117
Total Acquisition Cost	\$10,886,004

/9/ The date minimum offering proceeds were obtained and funds became available for investment in properties.

/10/ Includes improvements made after acquisitions through June 30, 1999.

TABLE VI (continued)

Wells Funds VIII and IX

Name of property	TCI Building
Location of property	1565 Chenault Street, Farmers Branch, Dallas County, Texas
Type of property	One-story office building
Size of parcel	4.864 acres
Gross leasable space	40,000 sq. feet
Date of commencement of operations/11/	Fund VIII - February 24, 1995 Fund IX - February 12, 1996
Date of purchase	October 10, 1996
Mortgage financing at date of purchase	N/A
Cash down payment	\$4,473,060
Contract purchase price plus acquisition fee	\$4,473,060
Other cash expenditures expensed	N/A
Other cash expenditures capitalized/12/	\$193,806
Total Acquisition Cost	4,666,866

/11/ The date minimum offering proceeds were obtained and funds became available for investment in properties.

/12/ Includes improvements made after acquisitions through June 30, 1999.

TABLE VI (continued)

Wells Funds IX, X, XI and REIT

Name of property	ABB Building
Location of property	1409 Centerpoint Boulevard, Knoxville, Knox County, Tennessee
Type of property	Three-story office building
Size of parcel	5.62 acres
Gross leasable space	83,885 sq. feet
Date of commencement of operations/13/	Fund IX - February 12, 1996 Fund X - February 4, 1997 Fund XI - March 3, 1998 REIT - June 5, 1998
Date of purchase/14/	December 31, 1996
Mortgage financing at date of purchase	N/A

Cash down payment	\$671,248
Contract purchase price plus acquisition fee	\$671,248
Other cash expenditures expensed	N/A
Other cash expenditures capitalized/15/	\$7,208,631
Total Acquisition Cost	\$7,879,879

/13/ The date minimum offering proceeds were obtained and funds became available for investment in properties.

/14/ Wells Fund IX originally purchased the ABB Building on December 31, 1996. On March 26, 1997, Wells Fund IX contributed its interest in the ABB Building to the Fund IX-X Joint Venture and on June 11, 1998, Wells Fund XI and Wells OP (the operating partnership for the Wells REIT) were admitted to the Fund IX-X Joint Venture as joint venture partners.

/15/ Includes improvements made after acquisitions through June 30, 1999.

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TABLE VI (continued)

Wells Funds VIII and IX

Name of property	Matsushita Building
Location of property	15233 Bake Parkway, Irvine, Orange County, California
Type of property	Two-story office building
Size of parcel	4.4 acres
Gross leasable space	65,006 sq. feet
Date of commencement of operations/16/	Fund VIII - February 24, 1995 Fund IX - February 12, 1996
Date of purchase	January 10, 1997
Mortgage financing at date of purchase	N/A
Cash down payment	\$100,000
Contract purchase price plus acquisition fee	\$7,211,145
Other cash expenditures expensed	N/A
Other cash expenditures capitalized/17/	\$401,588
Total Acquisition Cost	\$7,612,733

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

/17/ Includes improvements made after acquisitions through June 30, 1999.

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TABLE VI (continued)

Wells Funds VIII and IX

Name of property	Cirrus Logic Building
Location of property	305 Interlocken Parkway, Broomfield, Boulder County, Colorado
Type of property	Two-story office building
Size of parcel	4.26 acres
Gross leasable space	49,460 sq. feet
Date of commencement of operations/18/	Fund VIII - February 24, 1995 Fund IX - February 12, 1996
Date of purchase	February 20, 1997
Mortgage financing at date of purchase	N/A
Cash down payment	\$50,000
Contract purchase price plus acquisition fee	\$7,064,550
Other cash expenditures expensed	N/A
Other cash expenditures capitalized/19/	\$402,096
Total Acquisition Cost	\$7,466,646

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

/19/ Includes improvements made after acquisitions through June 30, 1999.

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TABLE VI (continued)

Wells Funds IX, X, XI and REIT

Name of property	Ohmeda Building
Location of property	Centennial Parkway, Louisville, Boulder County, Colorado
Type of property	Two-story office building
Size of parcel	15 acres
Gross leasable space	106,750 sq. feet
Date of commencement of operations/20/	Fund IX - February 12, 1996 Fund X - February 4, 1997 Fund XI - March 3, 1998 REIT - June 5, 1998
Date of purchase/21/	February 13, 1998
Mortgage financing at date of purchase	N/A

Cash down payment	\$100,000
Contract purchase price plus acquisition fee	\$10,331,644
Other cash expenditures expensed	N/A
Other cash expenditures capitalized/22/	\$572,851
Total Acquisition Cost	\$10,904,495

-
- /20/ The date minimum offering proceeds were obtained and funds became available for investment in properties.
- /21/ The Fund IX-X Joint Venture acquired the Ohmeda Building on February 13, 1998, and on June 11, 1998, Wells Fund XI and Wells OP (the operating partnership of the Wells REIT) were admitted to the Fund IX-X Joint Venture as joint venture partners.
- /22/ Includes improvements made after acquisitions through June 30, 1999.

II-21

TABLE VI (continued)

Wells Funds IX, X, XI and REIT

Name of property	Interlocken Building
Location of property	Highway 36, Broomfield, Boulder County, Colorado
Type of property	Three-story multi-tenant office building
Size of parcel	5.1 acres
Gross leasable space	51,974 sq. feet
Date of commencement of operations/23/	Fund IX - February 12, 1996 Fund X - February 4, 1997 Fund XI - March 3, 1998 REIT - June 5, 1998
Date of purchase/24/	March 20, 1998
Mortgage financing at date of purchase	N/A
Cash down payment	\$50,000
Contract purchase price plus acquisition fee	\$8,293,000
Other cash expenditures expensed	N/A
Other cash expenditures capitalized/25/	\$447,766
Total Acquisition Cost	\$8,740,766

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- /23/ The date minimum offering proceeds were obtained and funds became available for investment in properties.
- /24/ The Fund IX-X Joint Venture acquired the Interlocken Building on March 20,

1998, and on June 11, 1998, Wells Fund XI and Wells OP (the operating partnership of the Wells REIT) were admitted to the Fund IX-X Joint Venture as joint venture partners.

/25/ Includes improvements made after acquisitions through June 30, 1999.

II-22

TABLE VI (continued)

 Wells Funds IX, X, XI and REIT

Name of property	Iomega Building
Location of property	2976 South Commerce Way, Ogden, Weber County, Utah
Type of property	One-story warehouse and office building
Size of parcel	8.03 acres
Gross leasable space	100,000 sq. feet
Date of commencement of operations/26/	Fund IX - February 12, 1996 Fund X - February 4, 1997 Fund XI - March 3, 1998 REIT - June 5, 1998
Date of purchase/27/	April 1, 1998
Mortgage financing at date of purchase	N/A
Cash down payment	\$50,000
Contract purchase price plus acquisition fee	\$5,050,425
Other cash expenditures expensed	N/A
Other cash expenditures capitalized/28/	\$202,571
Total Acquisition Cost	\$5,252,996

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

/27/ Wells Fund X acquired the Iomega Building on April 1, 1998, and on June 24, 1998, Wells Fund X contributed the Iomega Building to the Fund IX-X-XI-REIT Joint Venture.

/28/ Includes improvements made after acquisitions through June 30, 1999.

II-23

TABLE VI (continued)

 Wells Funds IX, X, XI and REIT

Name of property	Lucent Building
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Location of property	14400 Hertz Quail Springs Parkway, Oklahoma City, Oklahoma
Type of property	One-story office building
Size of parcel	5.3 acres
Gross leasable space	57,186 sq. feet
Date of commencement of operations/29/	Fund IX - February 12, 1996 Fund X - February 4, 1997 Fund XI - March 3, 1998 REIT - June 5, 1998
Date of purchase	June 24, 1998
Mortgage financing at date of purchase	N/A
Cash down payment	\$1,600,000
Contract purchase price plus acquisition fee	\$5,504,276
Other cash expenditures expensed	N/A
Other cash expenditures capitalized/30/	\$121,802
Total Acquisition Cost	\$5,626,078

/29/ The date minimum offering proceeds were obtained and funds became available for investment in properties.

/30/ Includes improvements made after acquisitions through June 30, 1999.

II-24

TABLE VI (continued)

Wells Funds X, XI and REIT

Name of property	Cort Furniture Building
Location of property	10700 Spencer Avenue, Fountain Valley, Orange County, California
Type of property	One-story office and warehouse building
Size of parcel	3.65 acres
Gross leasable space	52,000 sq. feet
Date of commencement of operations/31/	Fund X - February 4, 1997 Fund XI - March 3, 1998 REIT - June 5, 1998
Date of purchase/32/	July 31, 1998
Mortgage financing at date of purchase	N/A
Cash down payment	\$100,000
Contract purchase price plus acquisition fee	\$6,548,000
Other cash expenditures expensed	N/A
Other cash expenditures capitalized/33/	\$303,616
Total Acquisition Cost	\$6,851,616

-
- /31/ The date minimum offering proceeds were obtained and funds became available for investment in properties.
- /32/ The Cort Joint Venture (consisting of the Wells REIT and Wells Development Corporation) acquired the Cort Furniture Building on July 31, 1998, and on September 1, 1998, the Fund X-XI Joint Venture purchased Wells Development Corporation's entire equity interest in the Cort Joint Venture.
- /33/ Includes improvements made after acquisitions through June 30, 1999.

II-25

TABLE VI (continued)

Wells Funds X, XI and REIT

Name of property	Fairchild Building
Location of property	47320 Kato Road, Fremont, Alameda County, California
Type of property	Two-story office and manufacturing building
Size of parcel	3.05 acres
Gross leasable space	58,424 sq. feet
Date of commencement of operations/34/	Fund X - February 4, 1997 Fund XI - March 3, 1998 REIT - June 5, 1998
Date of purchase/35/	July 21, 1998
Mortgage financing at date of purchase	N/A
Cash down payment	\$100,000
Contract purchase price plus acquisition fee	\$8,960,000
Other cash expenditures expensed	N/A
Other cash expenditures capitalized/36/	\$242,825
Total Acquisition Cost	\$9,202,825

-
- /34/ The date minimum offering proceeds were obtained and funds became available for investment in properties.
- /35/ The Fremont Joint Venture (consisting of the Wells REIT and Wells Development Corporation) acquired the Fairchild Building on July 21, 1998, and on October 8, 1998, the Fund X-XI Joint Venture purchased Wells Development Corporation's entire equity interest in the Fremont Joint Venture.
- /36/ Includes improvements made after acquisitions through June 30, 1999.

II-26

TABLE VI (continued)

Wells REIT

Name of property	PriceWaterhouseCoopers Building
Location of property	George Road, Tampa, Hillsborough County, Florida
Type of property	Four-story office building
Size of parcel	9 acres
Gross leasable space	130,091 sq. feet
Date of commencement of operations/37/	June 5, 1998
Date of purchase	December 31, 1998
Mortgage financing at date of purchase	\$14,132,538
Cash down payment	\$420,000
Contract purchase price plus acquisition fee	\$21,226,463
Other cash expenditures expensed	N/A
Other cash expenditures capitalized	N/A
Total Acquisition Cost	\$21,226,463

 /37/ The date minimum offering proceeds were obtained and funds became available for investment in properties.

II-27

TABLE VI (continued)

 Wells REIT

Name of property	Vanguard Cellular Building
Location of property	Progress Avenue and Interstate Drive, Harrisburg, Dauphin County, Pennsylvania
Type of property	Four-story office building
Size of parcel	10.5 acres
Gross leasable space	81,859 sq. feet
Date of commencement of operations/38/	June 5, 1998
Date of purchase	February 4, 1999
Mortgage financing at date of purchase	\$6,425,000
Cash down payment	\$250,000
Contract purchase price plus acquisition fee	\$12,531,900
Other cash expenditures expensed	N/A

Other cash expenditures capitalized	N/A
Total Acquisition Cost	\$12,531,900

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

II-28

TABLE VI (continued)

Wells REIT

Name of property	Matsushita Project
Location of property	Pacific Commercentre, Lake Forest, Orange County, California
Type of property	Construction of a two-story office building
Size of parcel	8.8 acres
Gross leasable space	150,000 sq. feet
Date of commencement of operations/39/	June 5, 1998
Date of purchase	March 15, 1999
Mortgage financing at date of purchase	\$3,500,000
Cash down payment	N/A
Contract purchase price plus acquisition fee	\$4,505,744
Other cash expenditures expensed	N/A
Other cash expenditures capitalized/40/	\$2,488,663
Total Acquisition Cost	\$6,994,407

/39/ The date minimum offering proceeds were obtained and funds became
available for investment in properties.

/40/ Includes improvements made after acquisitions through June 30, 1999.

II-29

TABLE VI (continued)

Wells Funds XI, XII and REIT

Name of property	EYBL CarTex Building
Location of property	111 SouthChase Boulevard in SouthChase Industrial Park, Fountain Inn, Greenville County, South Carolina
Type of property	Two-story manufacturing and office building
Size of parcel	11.94 acres

Gross leasable space	169,510 sq. feet
Date of commencement of operations/41/	Fund XI - March 3, 1998 Fund XII - June 1, 1999 REIT - June 5, 1998
Date of purchase	May 18, 1999
Mortgage financing at date of purchase	N/A
Cash down payment	\$50,000
Contract purchase price plus acquisition fee	\$5,122,000
Other cash expenditures expensed	N/A
Other cash expenditures capitalized	N/A
Total Acquisition Cost	\$5,122,000

/41/ The date minimum offering proceeds were obtained and funds became available for investment in properties.

II-30

TABLE VI (continued)

Wells Funds XI, XII and REIT

Name of property	Sprint Building
Location of property	Leawood, Kansas
Type of property	Three-story office building
Size of parcel	7.12 acres
Gross leasable space	68,900 sq. feet
Date of commencement of operations/42/	Fund XI - March 3, 1998 Fund XII - June 1, 1999 REIT - June 5, 1998
Date of purchase	July 2, 1999
Mortgage financing at date of purchase	N/A
Cash down payment	\$1,000,000
Contract purchase price plus acquisition fee	\$9,546,210
Other cash expenditures expensed	N/A
Other cash expenditures capitalized	N/A
Total Acquisition Cost	\$9,546,210

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

II-31

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant certifies that it has reasonable grounds to believe that it meets all the requirements for filing on Form S-11 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Norcross, and State of Georgia, on the 19th day of July, 1999.

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

By: /s/ Leo F. Wells, III

Leo F. Wells, III, President

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed below on July 19, 1999 by the following persons in the capacities indicated.

Name Title

/s/ Leo F. Wells, III President and Director

(Principal Executive Officer)
Leo F. Wells, III

/s/ Brian M. Conlon Executive Vice President and Director

(Principal Financial and Accounting Officer)
Brian M. Conlon

/s/ John L. Bell Director

John L. Bell

/s/ Richard W. Carpenter Director

Richard W. Carpenter

/s/ Bud Carter Director

Bud Carter

/s/ William H. Keogler, Jr. Director

William H. Keogler, Jr.

/s/ Donald S. Moss Director

Donald S. Moss

/s/ Walter W. Sessoms Director

Walter W. Sessoms

/s/ Neil H. Strickland Director

EXHIBIT INDEX

Exhibit No.	Description
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1.1	Form of Dealer Manager Distribution Agreement, filed herewith
1.2	Form of Warrant Purchase Agreement, filed herewith
3.1	Amended and Restated Articles of Incorporation, filed herewith
3.2	Form of Bylaws (previously filed in and incorporated by reference to Amendment No. 4 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on January 23, 1998)
3.3	Amendment No. 1 to Bylaws (previously filed in and incorporated by reference to Post-Effective Amendment No. 5 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on April 15, 1999)
4.1	Form of Subscription Agreement and Subscription Agreement Signature Page (included as Exhibit A to Prospectus)
5.1	Opinion of Holland & Knight LLP as to legality of securities (to be filed by amendment)
8.1	Opinion of Holland & Knight LLP as to tax matters (to be filed by amendment)
10.1	Agreement of Limited Partnership of Wells Operating Partnership, L.P. (previously filed in and incorporated by reference to Amendment No. 4 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on January 23, 1998)
10.2	Escrow Agreement between Registrant and Bank of America, N.A. (to be filed by amendment)
10.3	Advisory Agreement dated January 30, 1999 (previously filed in and incorporated by reference to Post-Effective Amendment No. 5 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on April 15, 1999)
10.4	Management Agreement between Registrant and Wells Management Company, Inc., filed herewith
10.5	Leasing and Tenant Coordinating Agreement between Registrant and Wells Management Company, Inc., filed herewith
10.6	Amended and Restated Joint Venture Agreement of The Fund IX, Fund X, Fund XI and REIT Joint Venture (previously filed in and incorporated by reference to Post-Effective Amendment No. 2 of the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on July 9, 1998)
10.7	Lease Agreement for the ABB Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 2 of the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on July 9, 1998)
10.8	Net Lease Agreement for the Lucent Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 2 of the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on July 9, 1998)

- 10.9 First Amendment to Net Lease Agreement for the Lucent Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 2 of the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on July 9, 1998)
- 10.10 Lease Agreement for the Iomega Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 3 of the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on August 14, 1998)
- 10.11 Joint Venture Agreement of Wells/Fremont Associates (previously filed in and incorporated by reference to Post-Effective Amendment No. 3 of the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on August 14, 1998)
- 10.12 Lease Agreement for the Fairchild Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 3 of the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on August 14, 1998)
- 10.13 Joint Venture Agreement of Wells/Orange County Associates (previously filed in and incorporated by reference to Post-Effective Amendment No. 3 of the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on August 14, 1998)
- 10.14 Lease Agreement for the Associates Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 4 of the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on January 15, 1999)
- 10.15 Amended and Restated Promissory Note for \$15,500,000 relating to the PWC Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 4 of the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on January 15, 1999)
- 10.16 Amendment No. 1 to Mortgage and Security Agreement and other Loan Documents securing the PWC Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 4 of the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on January 15, 1999)
- 10.17 Lease for the PWC Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 4 of the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on January 15, 1999)
- 10.18 Promissory Note for \$6,425,000 to Bank of America, N.A. relating to the Vanguard Cellular Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 5 of the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on April 15, 1999)
- 10.19 Open-End Mortgage, Assignment of Leases and Rents, Security Agreement and Financing Statement securing the Vanguard Cellular Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 5 of the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on April 15, 1999)
- 10.20 Build-To-Suit Office Lease Agreement for the Vanguard Cellular Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 5 of the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on

April 15, 1999)

- 10.21 Amendment No. 1 to Build-To-Suit Office Lease Agreement for the Vanguard Cellular Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 5 of the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on April 15, 1999)
- 10.22 Amendment No. 2 to Build-To-Suit Office Lease Agreement for the Vanguard Cellular Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 5 of the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on April 15, 1999)
- 10.23 Build-To-Suit Office Lease Agreement Guaranty Payment and Performance for the Vanguard Cellular Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 5 of the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on April 15, 1999)
- 10.24 Development Agreement for the Matsushita Project (previously filed in and incorporated by reference to Post-Effective Amendment No. 5 of the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on April 15, 1999)
- 10.25 Office Lease for the Matsushita Project (previously filed in and incorporated by reference to Post-Effective Amendment No. 5 of the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on April 15, 1999)
- 10.26 Guaranty of Lease for the Matsushita Project (previously filed in and incorporated by reference to Post-Effective Amendment No. 5 of the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on April 15, 1999)
- 10.27 Rental Income Guaranty Agreement relating to the Bake Parkway Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 5 of the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on April 15, 1999)
- 10.28 Agreement of Sale and Purchase relating to the EYBL CarTex Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 6 of the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on July 15, 1999)
- 23.1 Consent of Holland & Knight LLP (included in exhibits 5.1 and 8.1)
- 23.2 Consent of Arthur Andersen LLP, filed herewith

EXHIBIT 1.1

FORM OF

DEALER MANAGER DISTRIBUTION AGREEMENT

WELLS REAL ESTATE INVESTMENT TRUST, INC.

Up to 22,115,000 Shares of Common Stock/\$221,150,000

DEALER MANAGER AGREEMENT

-----, -----

Wells Investment Securities, Inc.
3885 Holcomb Bridge Road
Norcross, Georgia 30092

Ladies and Gentlemen:

Wells Real Estate Investment Trust, Inc., a Maryland corporation (the "Company"), is registering for public sale a maximum of 23,000,000 shares of its common stock, \$.01 par value per share, of which amount 885,000 shares are to be sold pursuant to a dealer warrant plan, with the balance of 22,115,000 shares (the "Shares" or the "Stock") to be issued and sold for an aggregate purchase price of \$221,150,000. Such Stock is to be sold for a per share cash purchase price of \$10.00; and the minimum purchase by any one person shall be 100 Shares (except as otherwise indicated in the Prospectus or in any letter or memorandum from the Company to Wells Investment Securities, Inc. (the "Dealer Manager")). Terms not defined herein shall have the same meaning as in the Prospectus. The Stock is being registered with the SEC (as defined herein) as part of a registration of 23,000,000 shares, of which amount 885,000 will be issued upon the exercise of certain warrants to be issued in connection with the Offering. In connection therewith, the Company hereby agrees with you, the Dealer Manager, as follows:

1. Representations and Warranties of the Company

The Company represents and warrants to the Dealer Manager and each dealer with whom the Dealer Manager has entered into or will enter into a Selected Dealer Agreement in the form attached to this Agreement as Exhibit "A" (said dealers being hereinafter called the "Dealers") that:

1.1 A registration statement with respect to the Company has been prepared by the Company in accordance with applicable requirements of the Securities Act of 1933, as amended (the Securities Act"), and the applicable rules and regulations (the "Rules and Regulations") of the Securities and Exchange Commission (the "SEC") promulgated thereunder, covering the Shares. Said registration statement, which includes a preliminary prospectus, was initially filed with the SEC on or about July ___, 1999. Copies of such registration statement and each amendment thereto have been or will be delivered to the Dealer Manager. (The

registration statement and prospectus contained therein, as finally amended and revised at the effective date of the registration statement, are respectively hereinafter referred to as the "Registration Statement" and the "Prospectus," except that if the Prospectus first filed by the Company pursuant to Rule 424(b) under the Securities Act shall differ from the Prospectus, the term "Prospectus" shall also include the Prospectus filed pursuant to Rule 424(b).)

1.2 The Company has been duly and validly organized and formed as a corporation under the laws of the state of Maryland, with the power and authority to conduct its business as described in the Prospectus.

1.3 The Registration Statement and Prospectus comply with the Securities Act and the Rules and Regulations and do not contain any untrue statements of material facts or omit to state any material fact required to be stated therein or necessary in order to make the statements therein not misleading provided, however, that the foregoing provisions of this Section 1.3 will not extend to such statements contained in or omitted from the Registration Statement or Prospectus as are primarily within the knowledge of the Dealer Manager or any of the Dealers and are based upon information furnished by the Dealer Manager in writing to the Company specifically for inclusion therein.

1.4 The Company intends to use the funds received from the sale of the Shares as set forth in the Prospectus.

1.5 No consent, approval, authorization or other order of any governmental authority is required in connection with the execution or delivery by the Company of this Agreement or the issuance and sale by the Company of the Shares, except such as may be required under the Securities Act or applicable state securities laws.

1.6 There are no actions, suits or proceedings pending or to the knowledge of the Company, threatened against the Company at law or in equity or before or by any federal or state commission, regulatory body or administrative agency or other governmental body, domestic or foreign, which will have a material adverse effect on the business or property of the Company.

1.7 The execution and delivery of this Agreement, the consummation of the transactions herein contemplated and compliance with the terms of this Agreement by the Company will not conflict with or constitute a default under any charter, by-law, indenture, mortgage, deed of trust, lease, rule, regulation, writ, injunction or decree of any government, governmental instrumentality or court, domestic or foreign, having jurisdiction over the Company, except to the extent that the enforceability of the indemnity and/or contribution provisions contained in Section 4 of this Agreement may be limited under applicable securities laws.

1.8 The Company has full legal right, power and authority to enter into this Agreement and to perform the transactions contemplated hereby, except to the extent that the enforceability of the indemnity and/or contribution provisions contained in Section 4 of this Agreement may be limited under applicable securities laws.

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1.9 At the time of the issuance of the Shares, the Shares will have been duly authorized and validly issued, and upon payment therefor, will be fully paid and nonassessable and will conform to the description thereof contained in the Prospectus.

2. Covenants of the Company

The Company covenants and agrees with the Dealer Manager that:

2.1 It will, at no expense to the Dealer Manager, furnish the Dealer Manager with such number of printed copies of the Registration Statement, including all amendments and exhibits thereto, as the Dealer Manager may reasonably request. It will similarly furnish to the Dealer Manager and others designated by the Dealer Manager as many copies as the Dealer Manager may reasonably request in connection with the offering of the Shares of: (a) the Prospectus in preliminary and final form and every form of supplemental or amended prospectus; (b) this Agreement; and (c) any other printed sales literature or other materials (provided that the use of said sales literature and other materials has been first approved for use by the Company and all

appropriate regulatory agencies).

2.2 It will furnish such proper information and execute and file such documents as may be necessary for the Company to qualify the Shares for offer and sale under the securities laws of such jurisdictions as the Dealer Manager may reasonably designate and will file and make in each year such statements and reports as may be required. The Company will furnish to the Dealer Manager a copy of such papers filed by the Company in connection with any such qualification.

2.3 It will: (a) use its best efforts to cause the Registration Statement to become effective; (b) furnish copies of any proposed amendment or supplement of the Registration Statement or Prospectus to the Dealer Manager; (c) file every amendment or supplement to the Registration Statement or the Prospectus that may be required by the SEC; and (d) if at any time the SEC shall issue any stop order suspending the effectiveness of the Registration Statement, it will use its best efforts to obtain the lifting of such order at the earliest possible time.

2.4 If at any time when a Prospectus is required to be delivered under the Securities Act any event occurs as a result of which, in the opinion of either the Company or the Dealer Manager, the Prospectus or any other prospectus then in effect would include an untrue statement of a material fact or, in view of the circumstances under which they were made, omit to state any material fact necessary to make the statements therein not misleading, the Company will promptly notify the Dealer Manager thereof (unless the information shall have been received from the Dealer Manager) and will effect the preparation of an amended or supplemental prospectus which will correct such statement or omission. The Company will then promptly prepare such amended or supplemental prospectus or prospectuses as may be necessary to comply with the requirements of Section 10 of the Securities Act.

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3. Obligations and Compensation of Dealer Manager

3.1 The Company hereby appoints the Dealer Manager as its agent and principal distributor for the purpose of selling for cash up to a maximum of 22,115,000 Shares through Dealers, all of whom shall be members of the National Association of Securities Dealers, Inc. (NASD). The Dealer Manager may also sell Shares for cash directly to its own clients and customers at the public offering price and subject to the terms and conditions stated in the Prospectus. The Dealer Manager hereby accepts such agency and distributorship and agrees to use its best efforts to sell the Shares on said terms and conditions. The Dealer Manager represents to the Company that it is a member of the NASD and that it and its employees and representatives have all required licenses and registrations to act under this Agreement.

The Dealer Manager agrees to be bound by the terms of the Escrow Agreement executed as of _____, _____, by Bank of America, N.A., as escrow agent, the Dealer Manager and the Company, a copy of which is enclosed.

3.2 Promptly after the effective date of the Registration Statement, the Dealer Manager and the Dealers shall commence the offering of the Shares for cash to the public in jurisdictions in which the Shares are registered or qualified for sale or in which such offering is otherwise permitted. The Dealer Manager and the Dealers will suspend or terminate offering of the Shares upon request of the Company at any time and will resume offering the Shares upon subsequent request of the Company.

3.3 Except as provided in the "Plan of Distribution" Section of the Prospectus, as compensation for the services rendered by the Dealer Manager, the Company agrees that it will pay to the Dealer Manager selling commissions in the amount of 7% of the gross proceeds of the Shares sold plus a dealer manager fee in the amount of 2.5% of the gross proceeds of the Shares sold.

The Company will not be liable or responsible to any Dealer for direct payment of commissions to such Dealer, it being the sole and exclusive responsibility of the Dealer Manager for payment of commissions to Dealers. Notwithstanding the above, at its discretion, the Company may act as agent of the Dealer Manager by making direct payment of commissions to such Dealers without incurring any liability therefor.

3.4 The Dealer Manager represents and warrants to the Company and each person and firm that signs the Registration Statement that the information under the caption "Plan of Distribution" in the Prospectus and all other information furnished to the Company by the Dealer Manager in writing expressly for use in the Registration Statement, any preliminary prospectus, the Prospectus, or any amendment or supplement thereto does not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading.

3.5 The Dealer Manager represents and warrants to the Company that it will not represent or imply that the escrow holder, as identified in the Prospectus, has investigated the desirability or advisability of investment in the Company, or has approved, endorsed or passed

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upon the merits of the Shares or the Company, nor will they use the name of said escrow holder in any manner whatsoever in connection with the offer or sale of the Shares other than by acknowledgment thus it has agreed to serve as escrow holder.

4. Indemnification

4.1 The Company will indemnify and hold harmless the Dealers and the Dealer Manager, their officers and directors and each person, if any, who controls such Dealer or Dealer Manager within the meaning of Section 15 of the Securities Act from and against any losses, claims, damages or liabilities, joint or several, to which such Dealers or Dealer Manager, their officers and directors, or such controlling person may become subject, under the Securities Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon (a) any untrue statement or alleged untrue statement of a material fact contained (i) in any Registration Statement (including the Prospectus as a part thereof) or any post-effective amendment thereto or in the Prospectus or any amendment or supplement to the Prospectus or (ii) in any blue sky application or other document executed by the Company or on its behalf specifically for the purpose of qualifying any or all of the Shares for sale under the securities laws of any jurisdiction or based upon written information furnished by the Company under the securities laws thereof (any such application, document or information being hereinafter called a "Blue Sky Applications"), or (b) the omission or alleged omission to state in the Registration Statement (including the Prospectus as a part thereof) or any post-effective amendment thereof or in any Blue Sky Application a material fact required to be stated therein or necessary to make the statements therein not misleading, or (c) any untrue statement or alleged untrue statement of a material fact contained in any preliminary prospectus, if used prior to the effective date of the Registration Statement, or in the Prospectus or any amendment or supplement to the Prospectus or the omission or alleged omission to state therein a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading, and will reimburse each Dealer or Dealer Manager, its officers and each such controlling person for any legal or other expenses reasonably incurred by such Dealer or Dealer Manager, its officers and directors, or such controlling person in connection with investigating or defending such loss, claim, damage, liability or action; provided that the Company will not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of, or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in reliance upon and in conformity with written information furnished to the Company or Dealer Manager by or on behalf of any Dealer or Dealer Manager specifically for

use with reference to such Dealer or Dealer Manager in the preparation of the Registration Statement or any such post-effective amendment thereof, any such Blue Sky Application or any such preliminary prospectus or the Prospectus or any such amendment thereof or supplement thereto; and further provided that the Company will not be liable in any such case if it is determined that such Dealer or Dealer Manager was at fault in connection with the loss, claim, damage, liability or action.

4.2 The Dealer Manager will indemnify and hold harmless the Company and each person or firm which has signed the Registration Statement and each person, if any, who controls the Company within the meaning of Section 15 of the Securities Act, from and against

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any losses, claims, damages or liabilities to which any of the aforesaid parties may become subject, under the Securities Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon (a) any untrue statement of a material fact contained (i) in the Registration Statement (including the Prospectus as a part thereof) or any post-effective amendment thereof or (ii) any Blue Sky Application, or (b) the omission to state in the Registration Statement (including the Prospectus as a part thereof) or any post-effective amendment thereof or in any Blue Sky Application a material fact required to be stated therein or necessary to make the statements therein not misleading, or (c) any untrue statement or alleged untrue statement of a material fact contained in any preliminary prospectus, if used prior to the effective date of the Registration Statement, or in the Prospectus, or in any amendment or supplement to the Prospectus or the omission to state therein a material fact required to be stated therein or necessary in order to make the statements therein in the light of the circumstances under which they were made not misleading in each case to the extent, but only to the extent, that such untrue statement or omission was made in reliance upon and in conformity with written information furnished to the Company by or on behalf of the Dealer Manager specifically for use with reference to the Dealer Manager in the preparation of the Registration Statement or any such post-effective amendments thereof or any such Blue Sky Application or any such preliminary prospectus or the Prospectus or any such amendment thereof or supplement thereto, or (d) any unauthorized use of sales materials or use of unauthorized verbal representations concerning the Shares by the Dealer Manager and will reimburse the aforesaid parties, in connection with investigation or defending such loss, claim, damage, liability or action. This indemnity agreement will be in addition to any liability which the Dealer Manager may otherwise have.

4.3 Each Dealer severally will indemnify and hold harmless the Company, Dealer Manager and each of their directors (including any persons named in any of the Registration Statements with his consent, as about to become a director), each of their officers who has signed any of the Registration Statements and each person, if any, who controls the Company and the Dealer Manager within the meaning of Section 15 of the Securities Act from and against any losses, claims, damages or liabilities to which the Company, the Dealer Manager, any such director or officer, or controlling person may become subject, under the Securities Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon (a) any untrue statement or alleged untrue statement of a material fact contained (i) in the Registration Statement (including the Prospectus as a part thereof) or any post-effective amendment thereof or (ii) in any Blue Sky Application, or (b) the omission or alleged omission to state in the Registration Statement (including the Prospectus as a part thereof) or any post-effective amendment thereof or in any Blue Sky Application a material fact required to be stated therein or necessary to make the statements therein not misleading, or (c) any untrue statement or alleged untrue statement of a material fact contained in any preliminary prospectus, if used prior to the effective date of the Registration Statement, or in the Prospectus, or in any amendment or supplement to the Prospectus or the omission or alleged omission to state therein a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading in each case to the extent, but only to the

extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made in reliance upon and in conformity with written information

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furnished to the Company or the Dealer Manager by or on behalf of such Dealer specifically for use with reference to such Dealer in the preparation of the Registration Statement or any such post-effective amendments thereof or any such Blue Sky Application or any such preliminary prospectus or the Prospectus or any such amendment thereof or supplement thereto, or (d) any unauthorized use of sales materials or use of unauthorized verbal representations concerning the Shares by such Dealer and will reimburse the Company and the Dealer Manager and any such directors or officers, or controlling person, in connection with investigating or defending any such loss, claim, damage, liability or action. This indemnity agreement will be in addition to any liability which such Dealer may otherwise have.

4.4 Promptly after receipt by an indemnified party under this Section 4 of notice of the commencement of any action, such indemnified party will, if a claim in respect thereof is to be made against any indemnifying party under this Section 4, notify in writing the indemnifying party of the commencement thereof and the omission so to notify the indemnifying party will relieve it from any liability under this Section 4 as to the particular item for which indemnification is then being sought, but not from any other liability which it may have to any indemnified party. In case any such action is brought against any indemnified party, and it notifies an indemnifying party of the commencement thereof, the indemnifying party will be entitled, to the extent it may wish, jointly with any other indemnifying party similarly notified, to participate in the defense thereof, with separate counsel. Such participation shall not relieve such indemnifying party of the obligation to reimburse the indemnified party for reasonable legal and other expenses (subject to Section 4.5) incurred by such indemnified party in defending itself, except for such expenses incurred after the indemnifying party has deposited funds sufficient to effect the settlement, with prejudice, of the claim in respect of which indemnity is sought. Any such indemnifying party shall not be liable to any such indemnified party on account of any settlement of any claim or action effected without the consent of such indemnifying party.

4.5 The indemnifying party shall pay all legal fees and expenses of the indemnified party in the defense of such claims or actions; provided, however, that the indemnifying party shall not be obliged to pay legal expenses and fees to more than one law firm in connection with the defense of similar claims arising out of the same alleged acts or omissions giving rise to such claims notwithstanding that such actions or claims are alleged or brought by one or more parties against more than one indemnified party. If such claims or actions are alleged or brought against more than one indemnified party, then the indemnifying party shall only be obliged to reimburse the expenses and fees of the one law firm that has been selected by a majority of the indemnified parties against which such action is finally brought; and in the event a majority of such indemnified parties is unable to agree on which law firm for which expenses or fees will be reimbursable by the indemnifying party, then payment shall be made to the first law firm of record representing an indemnified party against the action or claim. Such law firm shall be paid only to the extent of services performed by such law firm and no reimbursement shall be payable to such law firm on account of legal services performed by another law firm.

4.6 The indemnity agreements contained in this Section 4 shall remain operative and in full force and effect regardless of (a) any investigation made by or on behalf of any Dealer, or any person controlling any Dealer or by or on behalf of the Company, the Dealer

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Manager or any officer or director thereof, or by or on behalf of the Company or the Dealer Manager, (b) delivery of any Shares and payment therefor, and (c) any

termination of this Agreement. A successor of any Dealer or of any of the parties to this Agreement, as the case may be, shall be entitled to the benefits of the indemnity agreements contained in this Section 4.

5. Survival of Provisions

The respective agreements, representations and warranties of the Company and the Dealer Manager set forth in this Agreement shall remain operative and in full force and effect regardless of (a) any termination of this Agreement, (b) any investigation made by or on behalf of the Dealer Manager or any Dealer or any person controlling the Dealer Manager or any Dealer or by or on behalf of the Company or any person controlling the Company, and (c) the acceptance of any payment for the Shares.

6. Applicable Law

This Agreement was executed and delivered in, and its validity, interpretation and construction shall be governed by the laws of, the State of Georgia.

7. Counterparts

This Agreement may be executed in any number of counterparts. Each counterpart, when executed and delivered, shall be an original contract, but all counterparts, when taken together, shall constitute one and the same Agreement.

8. Successors and Amendment

8.1 This Agreement shall inure to the benefit of and be binding upon the Dealer Manager and the Company and their respective successors. Nothing in this Agreement is intended or shall be construed to give to any other person any right, remedy or claim, except as otherwise specifically provided herein. This Agreement shall inure to the benefit of the Dealers to the extent set forth in Sections 1 and 4 hereof.

8.2 This Agreement may be amended by the written agreement of the Dealer Manager and the Company.

9. Term

Any party to this Agreement shall have the right to terminate this Agreement on 60 days' written notice.

10. Confirmation

The Company hereby agrees and assumes the duty to confirm on its behalf and on behalf of dealers or brokers who sell the Shares all orders for purchase of Shares accepted by the Company. Such confirmations will comply with the rules of the SEC and the NASD, and will

comply with applicable laws of such other jurisdictions to the extent the Company is advised of such laws in writing by the Dealer Manager.

11. Suitability Investors

The Dealer Manager will offer Shares, and in its agreements with Dealers will require that the Dealers offer Shares, only to persons who meet the financial qualifications set forth in the Prospectus or in any suitability

letter or memorandum sent to it by the Company and will only make offers to persons in the states in which it is advised in writing that the Shares are qualified for sale or that such qualification is not required. In offering Shares, the Dealer Manager will, and in its agreements with Dealers the Dealer Manager will require that the Dealer comply with the provisions of all applicable rules and regulations relating to suitability of investors, including without limitation, the provisions of Article III.C. of the Statement of Policy Regarding Real Estate Investment Trusts of the North American Securities Administrators Association, Inc.

12. Submission of Orders

12.1 Those persons who purchase Shares will be instructed by the Dealer Manager or the Dealer to make their checks payable to an escrow agent for the Company, whenever appropriate, or to the Company after the Minimum Offering has been achieved. The Dealer Manager and any Dealer receiving a check not conforming to the foregoing instructions shall return such check directly to such subscriber not later than the end of the next business day following its receipt. Checks received by the Dealer Manager or Dealer which conform to the foregoing instructions shall be transmitted for deposit pursuant to one of the methods described in this Section 12. Transmittal of received investor funds will be made in accordance with the following procedures.

12.2 Where, pursuant to a Dealer's internal supervisory procedures, internal supervisory review is conducted at the same location at which subscription documents and checks are received from subscribers, checks will be transmitted in care of the Dealer Manager by the end of the next business day following receipt by the Dealer for deposit to an escrow agent, where appropriate.

12.3 Where, pursuant to a Dealer's internal supervisory procedures, final internal supervisory review is conducted at a different location, checks will be transmitted by the end of the next business day following receipt by the Dealer to the office of the Dealer conducting such final internal supervisory review (the "Final Review Offices"). The Final Review Office will in turn by the end of the next business day following receipt by the Final Review Office, transmit such checks in care of the Dealer Manager for deposit to an escrow agent, where appropriate.

12.4 Where the Dealer Manager is involved in the distribution process, checks will be transmitted by the Dealer Manager for deposit to the escrow agent, where applicable, or to the Company after the Minimum Offering has been achieved, as soon as practicable, but in

any event by the end of the second business day following receipt by the Dealer Manager. Checks of rejected subscribers will be promptly returned to such subscribers.

If the foregoing correctly sets forth our understanding, please indicate your acceptance thereof in the space provided below for that purpose, whereupon this letter and your acceptance shall constitute a binding agreement between us as of the date first above written.

Very truly yours,

WELLS REAL ESTATE INVESTMENT TRUST, INC.

By:

Leo F. Wells, III, President

Accepted and agreed as of the

date first above written.

WELLS INVESTMENT SECURITIES, INC.

By:

Leo F. Wells, III
President

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EXHIBIT "A"

WELLS REAL ESTATE INVESTMENT TRUST, INC.

Up to 22,115,000 Shares of Common Stock/\$221,150,000

SELECTED DEALER AGREEMENT

Ladies and Gentlemen:

Wells Investment Securities, Inc., as the dealer manager ("Dealer Manager") for Wells Real Estate Investment Trust, Inc. (the "Company"), a Maryland corporation, invite you (the "Dealer") to participate in the distribution of shares of common stock ("Shares") of the Company subject to the following terms:

I. Dealer Manager Distribution Agreement

The Dealer Manager has entered into an agreement with the Company called the Dealer Manager Distribution Agreement dated _____, _____, in the form attached hereto as Exhibit "A." By your acceptance of this Agreement, you will become one of the Dealers referred to in such Agreement between the Company and the Dealer Manager and will be entitled and subject to the indemnification provisions contained in such Agreement, including the provisions of such Agreement (Section 4.3 of the Dealer Manager Distribution Agreement) wherein the Dealers severally agree to indemnify and hold harmless the Company, the Dealer Manager and each officer and director thereof, and each person, if any, who controls the Company and the Dealer Manager within the meaning of the Securities Act of 1933. Except as otherwise specifically stated herein, all terms used in this Agreement have the meanings provided in the Dealer Manager Distribution Agreement. The Shares are offered solely through broker-dealers who are members of the National Association of Securities Dealers, Inc. ("NASD").

Dealer hereby agrees to use its best efforts to sell the Shares for cash on the terms and conditions stated in the Prospectus. Nothing in this Agreement shall be deemed or construed to make Dealer an employee, agent, representative or partner of the Dealer Manager or of the Company, and Dealer is not authorized to act for the Dealer Manager or the Company or to make any representations on their behalf except as set forth in the Prospectus and such other printed information furnished to Dealer by the Dealer Manager or the Company to supplement the Prospectus ("supplemental information").

II. Submission of Orders

Those persons who purchase Shares will be instructed by the Dealer to make their checks payable to "Bank of America, N.A., as Escrow Agent for Wells Real Estate Investment Trust, Inc." Dealer hereby agrees to be bound by the terms of the Escrow Agreement executed as of _____, _____ by Bank of America, N.A., as escrow agent, the Dealer Manager and the Company, a copy of which is enclosed. Any Dealer receiving a check not conforming to the foregoing instructions shall return such check directly to such subscriber not later than the end of the next business day following its receipt. Checks received by the Dealer which conform to the foregoing instructions shall be transmitted for deposit pursuant to one of the methods in this Article II. Transmittal of

received investor funds will be made in accordance with the following procedures:

Where, pursuant to the Dealer's internal supervisory procedures, internal supervisory review is conducted at the same location at which subscription documents and checks are received from subscribers, checks will be transmitted in care of the Dealer Manager by the end of the next business day following receipt by the Dealer for deposit to an escrow.

Where, pursuant to the Dealer's internal supervisory procedures, final and internal supervisory review is conducted at a different location, checks will be transmitted by the end of the next business day following receipt by the Dealer to the office of the Dealer conducting such final internal supervisory review (the "Final Review Office"). The Final Review Office will in turn by the end of the next business day following receipt by the Final Review Office, transmit such checks for deposit to an escrow agent.

III. Pricing

Shares shall be offered to the public at the offering price of \$10.00 per Share payable in cash. Except as otherwise indicated in the Prospectus or in any letter or memorandum sent to the Dealer by the Company or Dealer Manager, a minimum initial purchase of 100 Shares is required. Except as otherwise indicated in the Prospectus, additional investments may be made in cash in minimal increments of at least 2.5 Shares. The Shares are nonassessable. Dealer hereby agrees to place any order for the full purchase price.

IV. Dealers' Commissions

Except for discounts described in or as otherwise provided in the "Plan of Distribution" Section of the Prospectus, the Dealer's selling commission applicable to the total public offering price of Shares sold by Dealer which it is authorized to sell hereunder is 7% of the gross proceeds of Shares sold by it and accepted and confirmed by the Company, which commission will be paid by the Dealer Manager. For these purposes, a "sale of Shares" shall occur if and only if a transaction has closed with a securities purchaser pursuant to all applicable offering and subscription documents and the Company has thereafter distributed the commission to the Dealer Manager in connection with such transaction. The Dealer hereby waives any and all rights to receive payment of commissions due until such time as the Dealer Manager is in receipt of the commission from the Company. The Dealer affirms that the Dealer Manager's liability for commissions payable is limited solely to the proceeds of commissions receivable associated therewith. In addition, as specified in the Prospectus, the Dealer Manager may reallocate out of its dealer manager fee a marketing fee of up to 1.5% of the gross proceeds of Shares sold by Dealers participating in the offering of Shares, based on such factors as the number of Shares sold by such participating Dealer, the assistance of such participating Dealer in marketing the offering of Shares, and bona fide conference fees incurred.

The parties hereby agree that the foregoing commission is not in excess of the usual and customary distributors' or sellers' commission received in the sale of securities similar to the Shares, that Dealer's interest in the offering is limited to such commission from the Dealer Manager and Dealer's indemnity referred to in Section 4 of the Dealer Manager Distribution Agreement, that the Company is not liable or responsible for the direct payment of such commission to the Dealer.

V. Payment

Payments of selling commissions will be made by the Dealer Manager (or by the Company as provided in the Dealer Manager Distribution Agreement) to Dealer within 30 days of the receipt by the Dealer Manager of the gross commission payments from the Company.

VI. Right to Reject Orders or Cancel Sales

All orders, whether initial or additional, are subject to acceptance by and shall only become effective upon confirmation by the Company, which reserves the right to reject any order. Orders not accompanied by a Subscription Agreement and Signature Page and the required check in payment for the Shares may be rejected. Issuance and delivery of the Shares will be made only after actual receipt of payment therefor. If any check is not paid upon presentment, or if the Company is not in actual receipt of clearinghouse funds or cash, certified or cashier's check or the equivalent in payment for the Shares within 15 days of sale, the Company reserves the right to cancel the sale without notice. In the event an order is rejected, canceled or rescinded for any reason, the Dealer agrees to return to the Dealer Manager any commission theretofore paid with respect to such order.

VII. Prospectus and Supplemental Information

Dealer is not authorized or permitted to give and will not give, any information or make any representation concerning the Shares except as set forth in the Prospectus and supplemental information. The Dealer Manager will supply Dealer with reasonable quantities of the Prospectus, any supplements thereto and any amended Prospectus, as well as any supplemental information, for delivery to investors, and Dealer will deliver a copy of the Prospectus and all supplements thereto and any amended Prospectus to each investor to whom an offer is made prior to or simultaneously with the first solicitation of an offer to sell the Shares to an investor. The Dealer agrees that it will not send or give any supplements thereto and any amended Prospectus to that investor unless it has previously sent or given a Prospectus and all supplements thereto and any amended Prospectus to that investor or has simultaneously sent or given a Prospectus and all supplements thereto and any amended Prospectus with such supplemental information. Dealer agrees that it will not show or give to any investor or prospective investor or reproduce any material or writing which is supplied to it by the Dealer Manager and marked "dealer only" or otherwise bearing a legend denoting that it is not to be used in connection with the sale of Shares to members of the public. Dealer agrees that it will not use in connection with the offer or sale of Shares any material or writing which relates to another Company supplied to it by the Company or the Dealer Manager bearing a legend which states that such material may not be used in connection with the offer or sale of any securities other than the Company to which it relates. Dealer further agrees that it will not use in connection with the offer or sale of Shares any materials or writings which have not been previously approved by the Dealer Manager. Each Dealer agrees, if the Dealer Manager so requests, to furnish a copy of any revised preliminary Prospectus to each person to whom it has furnished a copy of any previous preliminary Prospectus, and further agrees that it will itself mail or otherwise deliver all preliminary and final Prospectuses required for compliance with the provisions of Rule 15c2-8 under the Securities Exchange Act of 1934. Regardless of the termination of this Agreement, Dealer will deliver a Prospectus in transactions in the Shares for a period of 90 days from the effective date of the Registration Statement or such longer period as may be required by the Securities Exchange Act of 1934. On becoming a Dealer, and in offering and selling Shares, Dealer agrees to comply with all the applicable requirements under the Securities Act of 1933, and the Securities Exchange Act of 1934, including, without limitation, the provisions of Rule 10b-6 and Rule 10b-7 and Rule 15c2-4 of the Securities and Exchange Commission. Notwithstanding the termination

of this Agreement or the payment of any amount to Dealer, Dealer agrees to pay Dealer's proportionate share of any claim, demand or liability asserted against Dealer and the other Dealers on the basis that Dealers or any of them constitute an association, unincorporated business or other separate entity, including in each case Dealer's proportionate share of any expenses incurred in defending against any such claim, demand or liability.

VIII. License and Association Membership

Dealer's acceptance of this Agreement constitutes a representation to the Company and the Dealer Manager that Dealer is a properly registered or licensed broker-dealer, duly authorized to sell Shares under Federal and state securities laws and regulations and in all states where it offers or sells Shares, and that it is a member in good standing of the NASD. This Agreement shall automatically terminate if the Dealer ceases to be a member in good standing of such association, or in the case of a foreign dealer, so to conform. Dealer agrees to notify the Dealer Manager immediately if Dealer ceases to be a member in good standing, or in the case of a foreign dealer, so to conform. The Dealer Manager also hereby agrees to abide by the Rules of Fair Practice of the NASD.

IX. Limitation of Offer

Dealer will offer Shares only to persons who meet the financial qualifications set forth in the Prospectus or in any suitability letter or memorandum sent to it by the Company or the Dealer Manager and will only make offers to persons in the states in which it is advised in writing that the Shares are qualified for sale or that such qualification is not required. In offering Shares, Dealer will comply with the provisions of the Rules of Fair Practice set forth in the NASD Manual, as well as all other applicable rules and regulations relating to suitability of investors, including without limitation, the provisions of Article III.C. of the Statement of Policy Regarding Real Estate Investment Trusts of the North American Securities Administrators Association, Inc.

X. Termination

Dealer will suspend or terminate its offer and sale of Shares upon the request of the Company or the Dealer Manager at any time and will resume its offer and sale of Shares hereunder upon subsequent request of the Company or the Dealer Manager. Any party may terminate this Agreement by written notice. Such termination shall be effective 48 hours after the mailing of such notice. This Agreement is the entire agreement of the parties and supersedes all prior agreements, if any, between the parties hereto.

This Agreement may be amended at any time by the Dealer Manager by written notice to the Dealer, and any such amendment shall be deemed accepted by Dealer upon placing an order for sale of Shares after he has received such notice.

XI. Notice

All notices will be in writing and will be duly given to the Dealer Manager when mailed to 3885 Holcomb Bridge Road, Norcross, Georgia 30092, and to Dealer when mailed to the address specified by Dealer herein.

XII. Attorney's Fees and Applicable Law

In any action to enforce the provisions of this Agreement or to secure damages for its breach, the prevailing party shall recover its costs and reasonable attorney's fees. This Agreement shall be construed under the laws of the State of Georgia and shall take effect when signed by Dealer and countersigned by the Dealer Manager.

THE DEALER MANAGER:
WELLS INVESTMENT SECURITIES, INC.

Attest:

By: _____
Name: _____
Title: _____

By: _____
Leo F. Wells, III
President

We have read the foregoing Agreement and we hereby accept and agree to the terms and conditions therein set forth. We hereby represent that the list below of jurisdictions in which we are registered or licensed as a broker or dealer and are fully authorized to sell securities is true and correct, and we agree to advise you of any change in such list during the term of this Agreement.

1. Identity of Dealer:

Name: _____

Type of entity: _____

(to be completed by Dealer) (corporation, partnership or proprietorship)

Organized in the State of: _____

(to be completed by Dealer) (State)

Licensed as broker-dealer in the following states: _____

(to be completed by Dealer)

Tax I.D. #: _____

2. Person to receive notice pursuant to Section XI.

Name: _____

Company: _____

Address: _____

City, State and Zip Code: _____

Telephone No.:() _____

Telefax No.:() _____

AGREED TO AND ACCEPTED BY THE DEALER:

(Dealer's Firm Name)

By: _____

Signature

Title: _____

EXHIBIT 1.2

FORM OF

WARRANT PURCHASE AGREEMENT

WELLS REAL ESTATE INVESTMENT TRUST, INC.

WARRANT PURCHASE AGREEMENT

_____, _____

This Warrant Purchase Agreement (the "Agreement") is made by and between Wells Real Estate Investment Trust, Inc., a Maryland corporation (the "Company"), and Wells Investment Securities, Inc. (the "Warrantholder").

The Company hereby agrees to issue and sell, and the Warrantholder agrees to purchase, for the total purchase price of \$708, warrants as hereinafter described (the "Soliciting Dealer Warrants") to purchase up to an aggregate of 885,000 Shares (subject to adjustment pursuant to Section 8 hereof) of the Company's common stock, \$.01 par value (the "Shares"). The Soliciting Dealer Warrants are being purchased in connection with a public offering of an aggregate of 22,115,000 Shares (the "Offering"), pursuant to that certain Dealer Manager Agreement (the "Dealer Manager Agreement"), dated _____, _____ between the Company and the Warrantholder as the Dealer Manager and a representative of the Soliciting Dealers who may receive warrants.

The issuance of the Soliciting Dealer Warrants shall occur quarterly commencing 60 days after the date on which Shares are first sold pursuant to the Offering and such issuances shall be subject to the terms and conditions set forth in the Dealer Manager Agreement.

In consideration of the foregoing and for the purpose of defining the terms and provisions of the Soliciting Dealer Warrants and the respective rights and obligations thereunder, the Company and the Warrantholder, for value received, hereby agree as follows:

1. FORM AND TRANSFERABILITY OF SOLICITING DEALER WARRANTS.

(A) REGISTRATION. The Soliciting Dealer Warrant(s) shall be numbered and shall be registered on the books of the Company when issued.

(B) FORM OF SOLICITING DEALER WARRANTS. The text and form of the Soliciting Dealer Warrant and of the Election to Purchase shall be substantially as set forth in Exhibit "A" and Exhibit "B" respectively, attached hereto and incorporated herein. The price per Share (the "Warrant Price") and the number of Shares issuable upon exercise of the Soliciting Dealer Warrants are subject to adjustment upon the occurrence of certain events, all as hereinafter provided. The Soliciting Dealer Warrants shall be dated as of the date of signature thereof by the Company either upon initial issuance or upon division, exchange, substitution or transfer.

(C) TRANSFER. The Soliciting Dealer Warrants shall be transferable only on the books of the Company maintained at its principal office or that of its designated transfer agent, if designated, upon delivery thereof duly endorsed by the Warrantholder or by its duly authorized attorney or representative, or accompanied by proper evidence of succession, assignment or authority to

transfer. Upon any registration of transfer, the Company shall execute and deliver a new Soliciting Dealer Warrant to the person entitled thereto. Assignments or transfers shall be made pursuant to the form of Assignment attached as Exhibit "C" hereto.

(D) LIMITATIONS ON TRANSFER OF SOLICITING DEALER WARRANTS. The Soliciting Dealer Warrants shall not be sold, transferred, assigned, exchanged or hypothecated by the Warranholder for a period of one year following the effective date of the offering of the Company's shares of common stock, except to: (i) one or more persons, each of whom on the date of transfer is an officer and director or partner of a Warranholder or an officer and director or partner of a successor to a Warranholder as provided in clause (iv) of this Subsection (D); (ii) a partnership or partnerships, all of the partners of which are a Warranholder and one or more persons, each of whom on the date of transfer is an officer and director of a Warranholder or an officer and director or partner of a successor to a Warranholder; (iii) broker-dealer firms which have executed, and are not then in default of, the Soliciting Dealer Agreement regarding the Offering (the "Selling Group") and one or more persons, each of whom on the date of transfer is an officer and director or partner of a member of the Selling Group or an officer and director or partner of a successor to a member of the Selling Group; (iv) a successor to a Warranholder or a successor to a member of the Selling Group through merger or consolidation; (v) a purchaser of all or substantially all of a Warranholder's or Selling Group members' assets; or (vi) by will, pursuant to the laws of descent and distribution, or by operation of law; provided, however, that any securities transferred pursuant to clauses (i) through (vi) of this subsection (D) shall remain subject to the transfer restrictions specified herein for the remainder of the initially applicable one year time period. The Soliciting Dealer Warrant may be divided or combined, upon written request to the Company by the Warranholder, into a certificate or certificates representing the right to purchase the same aggregate number of shares.

Unless the context indicates otherwise, the term "Warranholder" shall include any transferee of the Soliciting Dealer Warrant pursuant to this Subsection (D), and the term "Warrant" shall include any and all Soliciting Dealer Warrants outstanding pursuant to this Agreement, including those evidenced by a certificate or certificates issued upon division, exchange, substitution or transfer pursuant to this Agreement.

(E) EXCHANGE OR ASSIGNMENT OF SOLICITING DEALER WARRANT. Any Soliciting Dealer Warrant certificate may be exchanged without expense for another certificate or certificates entitling the Warranholder to purchase a like aggregate number of Shares as the certificate or certificates surrendered then entitled such Warranholder to purchase. Any Warranholder desiring to exchange a Soliciting Dealer Warrant certificate shall make such request in writing delivered to the Company, and shall surrender, properly endorsed, the certificate evidencing the Soliciting Dealer

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Warrant to be so exchanged. Thereupon, the Company shall execute and deliver to the person entitled thereto a new Soliciting Dealer Warrant certificate as so requested.

Any Warranholder desiring to assign a Soliciting Dealer Warrant shall make such request in writing delivered to the Company, and shall surrender, properly endorsed, the certificate evidencing the Soliciting Dealer Warrant to be so assigned, with an instrument of assignment duly executed accompanied by proper evidence of assignment, succession or authority to transfer, and funds sufficient to pay any transfer tax, whereupon the Company shall, without charge, execute and deliver a new Soliciting Dealer Warrant certificate in the name of the assignee named in such instrument of assignment and the original Soliciting Dealer Warrant certificate shall promptly be cancelled.

2. TERMS AND EXERCISE OF SOLICITING DEALER WARRANTS.

(A) EXERCISE PERIOD. Subject to the terms of this Agreement, the Warrantholder shall have the right to purchase one Share from the Company at a price of \$12 (120% of the initial public offering price per Share) during the time period beginning one year from the effective date of the Offering and ending on the date five years after the effective date of the Offering (the "Exercise Period"), or if any such date is a day on which banking institutions are authorized by law to close, then on the next succeeding day which shall not be such a day, to purchase from the Company up to the number of fully paid and nonassessable Shares which the Warrantholder may at the time be entitled to purchase pursuant to the Soliciting Dealer Warrant, a form of which is attached hereto as Exhibit "A."

(B) METHOD OF EXERCISE. The Soliciting Dealer Warrant shall be exercised by surrender to the Company, at its principal office in Norcross, Georgia or at the office of the Company's stock transfer agent, if any, or at such other address as the Company may designate by notice in writing to the Warrantholder at the address of the Warrantholder appearing on the books of the Company, of the certificate evidencing the Soliciting Dealer Warrant to be exercised, together with the form of Election to Purchase, included as Exhibit "B" hereto, duly completed and signed, and upon payment to the Company of the Warrant Price (as determined in accordance with the provisions of Sections 7 and 8 hereof), for the number of Shares with respect to which such Soliciting Dealer Warrant is then exercised together with all taxes applicable upon such exercise. Payment of the aggregate Warrant Price shall be made in cash or by certified check or cashier's check, payable to the order of the Company. A Soliciting Dealer Warrant may not be exercised if the Shares to be issued upon the exercise of the Soliciting Dealer Warrant have not been registered (or be exempt from registration) in the state of residence of the holder of the Soliciting Dealer Warrant or if a Prospectus required under the laws of such state cannot be delivered to the buyer on behalf of the Company. In addition, holders of Soliciting Dealer Warrants may not exercise the Soliciting Dealer Warrant to the extent such exercise will cause them to exceed the ownership limits set forth in the Company's Articles of Incorporation, as amended. If any Soliciting Dealer Warrant has not been exercised by the end of the Exercise Period, it will terminate and the Warrantholder will have no further rights thereunder.

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(C) PARTIAL EXERCISE. The Soliciting Dealer Warrants shall be exercisable, at the election of the Warrantholder during the Exercise Period, either in full or from time to time in part and, in the event that the Soliciting Dealer Warrant is exercised with respect to less than all of the Shares specified therein at any time prior to the completion of the Exercise Period, a new certificate evidencing the remaining Soliciting Dealer Warrants shall be issued by the Company.

(D) SHARE ISSUANCE UPON EXERCISE. Upon such surrender of the Soliciting Dealer Warrant certificate and payment of such Warrant Price as aforesaid, the Company shall issue and cause to be delivered with all reasonable dispatch to the Warrantholder in such name or names as the Warrantholder may designate in writing, a certificate or certificates for the number of full Shares so purchased upon the exercise of the Soliciting Dealer Warrant, together with cash, as provided in Section 9 hereof, with respect to any fractional Shares otherwise issuable upon such surrender. Such certificate or certificates shall be deemed to have been issued and any person so designated to be named therein shall be deemed to have become a holder of such Shares as of the close of business on the date of the surrender of the Soliciting Dealer Warrant and payment of the Warrant Price (as hereinafter defined), notwithstanding that the certificates representing such Shares shall not actually have been delivered or that the stock transfer books of the Company shall then be closed.

3. MUTILATED OR MISSING SOLICITING DEALER WARRANT.

In case the certificate or certificates evidencing the Soliciting Dealer Warrant shall be mutilated, lost, stolen or destroyed, the Company shall, at the request of the Warrantholder, issue and deliver in exchange and substitution for and upon cancellation of the mutilated certificate or certificates, or in lieu

of and in substitution for the certificate or certificates lost, stolen or destroyed, a new Soliciting Dealer Warrant certificate or certificates of like tenor and date and representing an equivalent right or interest, but only upon receipt of evidence satisfactory to the Company of such loss, theft or destruction of such Soliciting Dealer Warrant, and of reasonable bond of indemnity, if requested, also satisfactory in form and amount and at the applicant's cost.

4. RESERVATION OF SHARES.

There has been reserved, and the Company shall at all times keep reserved so long as the Soliciting Dealer Warrant remains outstanding, out of its authorized Common Stock, such number of Shares as shall be subject to purchase under the Soliciting Dealer Warrant.

5. LEGEND ON SOLICITING DEALER WARRANT SHARES.

Each certificate for Shares initially issued upon exercise of the Soliciting Dealer Warrant, unless at the time of exercise such Shares are registered with the Securities and Exchange Commission (the "Commission"), under the Securities Act of 1933, as

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amended (the "Act"), shall bear the following legend:

NO SALE, TRANSFER, PLEDGE OR OTHER DISPOSITION OF THESE SHARES SHALL BE MADE EXCEPT PURSUANT TO REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR PURSUANT TO AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY THAT REGISTRATION IS NOT REQUIRED.

Any certificate issued at any time in exchange or substitution for any certificate bearing such legend (except a new certificate issued upon completion of a public distribution pursuant to a registration statement under the Act of the securities represented thereby) shall also bear the above legend unless, in the opinion of such counsel as shall be reasonably approved by the Company, the securities represented thereby need no longer be subject to such restrictions.

6. PAYMENT OF TAXES.

The Company shall pay all documentary stamp taxes, if any, attributable to the initial issuance of the Shares; provided, however, that the Company shall not be required to pay any tax or taxes which may be payable with respect to any secondary transfer of the Soliciting Dealer Warrant or the Shares.

7. WARRANT PRICE.

The price per Share at which Shares shall be purchasable on the exercise of the Soliciting Dealer Warrant shall be \$12 (the "Warrant Price").

8. ADJUSTMENT OF WARRANT PRICE AND NUMBER OF SHARES.

The number and kind of securities purchasable upon the exercise of the Soliciting Dealer Warrant and the Warrant Price shall be subject to adjustment from time to time upon the happening of certain events, as follows:

(a) In case the Company shall: (i) pay a dividend in Common Stock or make a distribution in Common Stock; (ii) subdivide its outstanding Common Stock; (iii) combine its outstanding Common Stock into a smaller number of shares of Common Stock, or (iv) issue by reclassification of its Common Stock other securities of the Company, the number and kind of securities purchasable upon the exercise of the Soliciting Dealer Warrant immediately prior thereto shall be adjusted so that the Warranholder shall be entitled to receive the number and kind of securities of the Company which it would have owned or would have been entitled to receive after the happening of any of the events described above had the Soliciting Dealer Warrant been exercised immediately prior to the happening of such event or any record date with respect thereto. Any adjustment made pursuant

to this Subsection (a) shall become effective on the effective date of such event retroactive to the record date, if any, for such event.

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(b) No adjustment in the number of securities purchasable hereunder shall be required unless such adjustment would require an increase or decrease of at least one percent (1%) in the number of securities (calculated to the nearest full Share thereof) then purchasable upon the exercise of the Soliciting Dealer Warrant or, if the Soliciting Dealer Warrant is not then exercisable, the number of securities purchasable upon the exercise of the Soliciting Dealer Warrant on the first date thereafter that the Soliciting Dealer Warrant becomes exercisable; provided, however, that any adjustment which by reason of this Subsection (b) is not required to be made immediately shall be carried forward and taken into account in any subsequent adjustment.

(c) Whenever the number of Shares purchasable upon the exercise of the Soliciting Dealer Warrant is adjusted as herein provided, the Warrant Price shall be adjusted by multiplying such Warrant Price immediately prior to such adjustment by a fraction, of which the numerator shall be the number of Shares purchasable upon the exercise of the Soliciting Dealer Warrant immediately prior to such adjustment, and of which the denominator shall be the number of Shares so purchasable immediately thereafter.

(d) For the purpose of this Section 8, the term "Common Stock" shall mean: (i) the class of stock designated as the Common Stock of the Company at the date of this Agreement; or (ii) any other class of stock resulting from successive changes or reclassification of such Common Stock consisting solely of changes in par value, or from par value to no par value, or from no par value to par value. In the event that at any time, as a result of an adjustment made pursuant to this Section 8, the Warrantholder shall become entitled to purchase any shares of the Company other than Common Stock, thereafter the number of such other shares so purchasable upon the exercise of the Soliciting Dealer Warrant and the Warrant Price shall be subject to adjustment from time to time in a manner and on terms as nearly equivalent as practicable to the provisions with respect to the Shares contained in this Section 8.

(e) Whenever the number of Shares and/or securities purchasable upon the exercise of the Soliciting Dealer Warrant or the Warrant Price is adjusted as herein provided, the Company shall cause to be promptly mailed to the Warrantholder by first class mail, postage prepaid, notice of such adjustment setting forth the number of Shares and/or securities purchasable upon the exercise of the Soliciting Dealer Warrant or the Warrant Price after such adjustment, a brief statement of the facts requiring such adjustment and the computation by which such adjustment was made.

(f) In case of any reclassification, capital reclassification, capital reorganization or other change in the outstanding shares of Common Stock of the Company (other than a change in par value, or from par value to no par value, or from no par value to par value, or as a result of an issuance of Common Stock by way of dividend or other distribution, or of a subdivision or combination of the Common Stock), or in case of any consolidation or merger of the Company with or into another corporation or entity (other than a merger with a subsidiary in which merger the Company is the

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continuing corporation and which does not result in any reclassification, capital reorganization or other change in the outstanding shares of Common Stock of the Company) as a result of which the holders of the Company's Common Stock become holders of other shares of securities of the Company or of another corporation or entity, or such holders receive cash or other assets, or in case of any sale or conveyance to another corporation of the property, assets or business of the Company as an entirety or substantially as an entirety, the Company or such successor or purchasing corporation, as the case may be, shall execute with the Warrantholder an agreement that the Warrantholder shall have

the right thereafter upon payment for the Warrant Price in effect immediately prior to such action to purchase upon the exercise of the Soliciting Dealer Warrant the kind and number of securities and property which it would have owned or have been entitled to have received after the happening of such reclassification, capital reorganization, change in the outstanding shares of shares of Common Stock of the Company, consolidation, merger, sale or conveyance had the Soliciting Dealer Warrant been exercised immediately prior to such action.

The agreement referred to in this Subsection (f) shall provide for adjustments which shall be as nearly equivalent as may be practicable to the adjustments provided for in this Section 8. The provisions of this Subsection (f) shall similarly apply to successive reclassification, capital reorganizations, changes in the outstanding shares of Common Stock of the Company, consolidations, mergers, sales or conveyances.

(g) Except as provided in this Section 8, no adjustment with respect to any dividends shall be made during the term of the Soliciting Dealer Warrant or upon the exercise of the Soliciting Dealer Warrant.

(h) No adjustments shall be made in connection with the public sale and issuance of the Shares pursuant to the Dealer Manager Agreement or the sale or issuance of Shares upon the exercise of the Soliciting Dealer Warrant.

(i) Irrespective of any adjustments in the Warrant Price or the number or kind of securities purchasable upon the exercise of the Soliciting Dealer Warrant, the Soliciting Dealer Warrant certificate or certificates theretofore or thereafter issued may continue to express the same price or number or kind of securities stated in the Soliciting Dealer Warrant initially issuable pursuant to this Agreement.

9. FRACTIONAL INTEREST.

The Company shall not be required to issue fractional Shares or securities upon the exercise of the Soliciting Dealer Warrant. If any such fractional Share would, except for the provisions of this Section 9, be issuable upon the exercise of the Soliciting Dealer Warrant (or specified portion thereof), the Company may, at its election, pay an amount in cash equal to the then current market price multiplied by such fraction. For purposes of this Agreement, the term "current market price" shall mean: (a) if the Shares are traded in the over-the-counter market and not on the NASDAQ National Market ("NNM") or on any national securities exchange, the average between the per share closing bid and asked

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prices of the Shares for the 30 consecutive trading days immediately preceding the date in questions, as reported by the NNM or an equivalent generally accepted reporting service; or (b) if the Shares are traded on the NNM or on a national securities exchange, the average for the 30 consecutive trading days immediately preceding the date in question of the daily per share closing prices of the Shares on the NNM or on the principal national stock exchange on which it is listed, as the case may be. The closing price referred to in clause (b) above shall be the last reported sales price or, in case no such reported sale takes place on such day, the average of the reported closing bid and asked prices on the NNM or on the principal national securities exchange on which the Shares are then listed, as the case may be. If the Shares are not publicly traded, then the "current market price" shall mean \$10 for the first three years following the termination of the Offering.

10. NO RIGHTS AS STOCKHOLDER; NOTICES OF WARRANTHOLDER.

Nothing contained in this Agreement or in the Soliciting Dealer Warrant shall be construed as conferring upon the Warrantholder or its transferee any rights as a stockholder of the Company, either at law or in equity, including the right to vote, receive dividends, consent or notices as a stockholder with respect to any meeting of stockholders for the election of directors of the

Company or for any other matter.

11. REGISTRATION OF SOLICITING DEALER WARRANTS AND SHARES PURCHASABLE THEREUNDER.

The Shares purchasable under the Soliciting Dealer Warrants are being registered as part of the Offering. The Company undertakes to make additional filings with the Commission to the extent required to keep the Shares registered through the Exercise Period.

12. INDEMNIFICATION.

In the event of the filing of any registration statement with respect to the Soliciting Dealer Warrants or the Shares pursuant to Section 11 above, the Company and the Warrantholder (and/or selling Warrantholder or such holder of Shares, as the case may be), shall agree to indemnify and hold harmless the other to the same extent and in the same manner as provided in the Dealer Manager Agreement.

13. CONTRIBUTION.

In order to provide for just and equitable contribution under the Act in any case in which: (a) the Warrantholder or any holder of Shares makes a claim for indemnification pursuant to Section 12 hereof, but it is judicially determined (by the entry of a final judgment or decree by a court of competent jurisdiction and the expiration of time to appeal or the denial of the last right to appeal) that such indemnification may not be enforced in such case notwithstanding the fact that the express provisions of Section 12 hereof provide for indemnification in such case; or (b) contribution under the Act may be required on the part of the Warrantholder or any holder of Shares, the Company and the

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Warrantholder, or such holder of Shares, shall agree to contribute to the aggregate losses, claims, damages or liabilities to which they may be subject (which shall, for all purposes of this Agreement, including, but not limited to, all costs of defense and investigation and all attorneys' fees), in either such case (after contribution from others) on the basis of relative fault as well as any other relevant equitable considerations in the same manner as provided by the parties in the Dealer Manager Agreement.

14. NOTICES.

Any notice given pursuant to this Agreement by the Company or by the Warrantholder shall be in writing and shall be deemed to have been duly given if delivered or mailed by certified mail, return receipt requested:

(a) If to the Warrantholder, addressed to:

Wells Investment Securities, Inc.
3885 Holcomb Bridge Road
Norcross, Georgia 30092

(b) If to the Company, addressed to:

Wells Real Estate Investment Trust, Inc.
3885 Holcomb Bridge Road
Norcross, Georgia 30092

Each party hereto may, from time to time, change the address to which notices to it are to be delivered or mailed hereunder by notice in accordance herewith to the other party.

15. PARTIES IN INTEREST.

Nothing in this Agreement shall be construed to give to any person or corporation other than the Company, the Warrantholder and, to the extent expressed, any holder of Shares, any person controlling the Company or the Warrantholder or any holder of Shares, directors of the Company, nominees for directors (if any) named in the Prospectus, or officers of the Company who have signed the registration statement, any legal or equitable right, remedy or claim under this Agreement, and this Agreement shall be for the sole an exclusive benefit of the aforementioned parties.

16. SUCCESSORS.

All the covenants and provisions of this Agreement by or for the benefit of the parties listed in Section 15 above shall bind and inure to the benefit of their respective executors, administrators, successors and assigns hereunder; provided, however, that the rights of the Warrantholder or holder of Shares shall be assignable only to those persons

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and entities specified in Section 1, Subsection (D) thereof, in which event such assignee shall be bound by each of the terms and conditions of this Agreement.

17. MERGER OR CONSOLIDATION OF THE COMPANY.

The Company shall not merge or consolidate with or into any other corporation or sell all or substantially all of its property to another corporation, unless it complies with the provisions of Section 8, Subsection (f) thereof.

18. SURVIVAL OF REPRESENTATIONS AND WARRANTIES.

All statements contained in any schedule, exhibit, certificate or other instrument delivered by or on behalf of the parties hereto, or in connection with the transactions contemplated by this Agreement, shall be deemed to be representations and warranties hereunder. Notwithstanding any investigations made by or on behalf of the parties to this Agreement, all representations, warranties and agreements made by the parties to this Agreement or pursuant hereto shall survive.

19. CHOICE OF LAW.

This Agreement and the rights of the parties hereunder shall be governed by and construed in accordance with the laws of the State of Georgia, including all matters of construction, validity, performance and enforcement, and without giving effect to the principles of conflict of laws.

20. JURISDICTION.

The parties submit to the jurisdiction of the Courts of the State of Georgia or a Federal Court impaneled in the State of Georgia for the resolution of all legal disputes arising under the terms of this Agreement.

21. ENTIRE AGREEMENT.

Except as provided herein, this Agreement, including exhibits, contains the entire agreement of the parties, and supersedes all existing negotiations, representations or agreements and all other oral, written or other communications between them concerning the subject matter of this Agreement.

22. SEVERABILITY.

If any provision of this Agreement is unenforceable, invalid or violates applicable law, such provision shall be deemed stricken and shall not affect the enforceability of any other provisions of this Agreement.

23. CAPTIONS.

The captions in this Agreement are inserted only as a matter of convenience and for reference and shall not be deemed to define, limit, enlarge or describe the scope of this Agreement or the relationship of the parties, and shall not affect this Agreement or the construction of any provisions herein.

24. COUNTERPARTS.

This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which shall together constitute one and the same instrument.

IN WITNESS WHEREOF, the parties have caused this Warrant Purchase Agreement to be duly executed as of _____, _____.

Wells Real Estate Investment Trust, Inc.

By: _____
Leo F. Wells, III
President

Wells Investment Securities, Inc.

By: _____
Leo F. Wells, III
President

EXHIBIT A

WELLS REAL ESTATE INVESTMENT TRUST, INC.

SOLICITING DEALER WARRANT NO. _____

NO SALE, TRANSFER, PLEDGE OR OTHER DISPOSITION OF THIS WARRANT OR THE SHARES PURCHASABLE HEREUNDER SHALL BE MADE EXCEPT PURSUANT TO REGISTRATION UNDER THE SECURITIES ACT OF 1933 AS AMENDED, OR PURSUANT TO AN OPINION OF COUNSEL SATISFACTORY TO THE ISSUER THAT REGISTRATION IS NOT REQUIRED. TRANSFER OF THIS WARRANT IS ALSO RESTRICTED BY THAT CERTAIN WARRANT PURCHASE AGREEMENT DATED AS OF _____, _____ A COPY OF WHICH IS AVAILABLE FROM THE ISSUER.

WARRANT TO PURCHASE SHARES OF COMMON STOCK OF
WELLS REAL ESTATE INVESTMENT TRUST, INC.

Exercisable commencing on _____, _____
Void after 5:00 P.M. Eastern Standard Time on _____, 200__ (the "Exercise Closing Date").

THIS CERTIFIES that, for value received, (the "Warrantholder"), or

registered assigns, is entitled, subject to the terms and conditions set forth in this Warrant (the "Warrant"), to purchase from Wells Real Estate Investment Trust, Inc., a Maryland corporation (the "Company"), an amount of fully paid and nonassessable Shares of common stock (the "Shares") of the Company as reflected on the books of the Company at any time during the period commencing on _____, _____ and continuing up to 5:00 P.M. eastern standard time on _____, 200__, at \$12 per Share, and is subject to all the terms thereof, including the limitations on transferability as set forth in that certain Warrant Purchase Agreement between Wells Investment Securities, Inc. and the Company dated _____, _____.

THIS WARRANT may be exercised by the holder thereof, in whole or in part, by the presentation and surrender of this Warrant with the form of Election to Purchase duly executed, with signature(s) guaranteed, at the principal office of the Company (or at such other address as the Company may designate by notice to the holder hereof at the address of such holder appearing on the books of the Company), and upon payment to the Company of the purchase price in cash or by certified check or bank cashier's check. The Shares so purchased shall be deemed to be issued to the holder hereof as the record owner of such Shares as of the close of business on the date on which this Warrant shall have been surrendered and payment made for such Shares. The Shares so purchased shall be registered to the holder (and, if requested, certificates issued) promptly after this Warrant shall have been so exercised and unless this Warrant has expired or has been exercised, in full, a new Warrant identical in form, but representing the number of Shares with respect to which this Warrant shall not have been exercised, shall also be issued to the holder hereof.

NOTHING CONTAINED herein shall be construed to confer upon the holder of this Warrant, as such, any of the rights of a Stockholder of the Company.

Wells Real Estate Investment Trust, Inc.

By: _____
Leo F. Wells, III
President

EXHIBIT B

WELLS REAL ESTATE INVESTMENT TRUST, INC.
ELECTION TO PURCHASE
SOLICITING DEALER WARRANT

Wells Real Estate Investment Trust, Inc.
3885 Holcomb Bridge Road
Norcross, Georgia 30092

The undersigned hereby irrevocably elects to exercise the right of purchase represented by the attached warrant (the "Warrant") to purchase thereunder _____ shares of the common stock of Wells Real Estate Investment Trust, Inc. (the "Shares") provided for therein and hereby tenders \$_____ (\$12.00 per Share) in payment of the actual exercise price thereof, and requests that the Shares be issued in the name of

(Please Print Name, Address and SSN or TIN of Stockholder below)

and, if said number of Shares shall not be the total possible number of Shares purchasable hereunder, that a new Warrant certificate for the balance of the Shares purchasable under the attached Warrant certificate be registered in the name of the undersigned Warrantholder or his assignee as indicated below and delivered at the address stated below:

Dated: _____, 200

Name of Warrantholder or Assignee: _____
(Please Print)

Address: _____

Signature: _____

EXHIBIT C

WELLS REAL ESTATE INVESTMENT TRUST, INC.
SOLICITING DEALER WARRANT
ASSIGNMENT

(To be signed only upon assignment of the Warrant)

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto: _____
(Please Print Name, Address and SSN or TIN of Assignee Below)

the attached Participating Dealer Warrant No. _____, to purchase shares of common stock of Wells Real Estate Investment Trust, Inc. (the "Company"), hereby irrevocably constituting and appointing the Company and/or its transfer agent as its attorney to transfer said Warrant on the books of the Company, with full power of substitution.

Dated: _____, 200

Signature of Registered Holder

Signature Guaranteed:

Note: The above signature must correspond with the name as written upon the face of the attached Warrant certificate in every particular respect, without alteration, enlargement or any change whatever, unless this Warrant has been duly assigned.

EXHIBIT 3.1

AMENDED AND RESTATED ARTICLES OF INCORPORATION

AMENDED AND RESTATED

ARTICLES OF INCORPORATION

OF

WELLS REAL ESTATE INVESTMENT TRUST, INC.

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ARTICLE I

THE COMPANY; DEFINITIONS

SECTION 1.1 NAME. The name of the corporation (the "Company") is:

Wells Real Estate Investment Trust, Inc.

So far as may be practicable, the business of the Company shall be conducted and transacted under that name, which name (and the word "Company" wherever used in these Articles of Amendment and Restatement of Wells Real Estate Investment Trust, Inc. (these "Articles of Incorporation"), except where the context otherwise requires) shall refer to the Directors collectively but not individually or personally and shall not refer to the Stockholders or to any officers, employees or agents of the Company or of such Directors.

Under circumstances in which the Directors determine that the use of the name "Wells Real Estate Investment Trust, Inc." is not practicable, they may use any other designation or name for the Company.

SECTION 1.2 RESIDENT AGENT. The name and address of the resident agent for service of process of the Company in the State of Maryland is The Corporation Trust Incorporated, 32 South Street, Baltimore, Maryland 21202. The Company may have such principal office within the State of Maryland as the Directors may from time to time determine. The Company may also have such other offices or places of business within or without the State of Maryland as the Directors may from time to time determine.

SECTION 1.3 NATURE OF COMPANY. The Company is a Maryland corporation within the meaning of the MGCL.

SECTION 1.4 PURPOSE. The purposes for which the Company is formed are to conduct any business for which corporations may be organized under the laws of the State of Maryland including, but not limited to: (i) acquiring and operating commercial properties, including without limitation, office buildings, shopping centers, business and industrial parks and other commercial and industrial properties, including properties which are under construction or development, are newly constructed, or have been constructed and have operating histories; and (ii) entering into any partnership, joint venture or other similar arrangement to engage in any of the foregoing.

SECTION 1.5 DEFINITIONS. As used in these Articles of Incorporation, the following terms shall have the following meanings unless the context otherwise requires (certain other terms used in Article VII hereof are defined in Sections 7.2, 7.3, 7.6, and 7.7 hereof):

"ACQUISITION EXPENSES" means any and all expenses incurred by the Company, the Advisor, or any Affiliate of either in connection with the selection or acquisition of any Property, whether or not acquired, including, without limitation, legal fees and expenses, travel and communications expenses, costs of appraisals, nonrefundable option payments on property not acquired, accounting fees and expenses, and title insurance.

"ACQUISITION FEE" means any and all fees and commissions, exclusive of Acquisition Expenses, paid by any Person or entity to any other Person or entity

(including any fees or commissions paid by or to any Affiliate of the Company or the Advisor) in connection with the purchase, development or construction of a Property, including, without limitation, real estate commissions, acquisition fees, finder's fees, selection fees, development fees, construction fees, nonrecurring management fees, consulting fees, loan fees, points, or any other fees or commissions of a similar nature. Excluded shall be development fees and construction fees paid to any Person or entity not affiliated with the Advisor in connection with the actual development and construction of any Property.

"ADVISOR" or "ADVISORS" means the Person or Persons, if any, appointed, employed or contracted with by the Company pursuant to Section 4.1 hereof and responsible for directing or performing the day-to-day business affairs of the Company, including any Person to whom the Advisor subcontracts substantially all of such functions.

"ADVISORY AGREEMENT" means the agreement between the Company and the Advisor pursuant to which the Advisor will direct or perform the day-to-day business affairs of the Company.

"AFFILIATE" or "AFFILIATED" means, as to any individual, corporation, partnership, trust, limited liability company or other legal entity (other than the Trust), (i) any Person or entity directly or indirectly through one or more intermediaries controlling, controlled by, or under common control with another Person or entity; (ii) any Person or entity, directly or indirectly owning, controlling, or holding with power to vote ten percent (10%) or more of the outstanding voting securities of another Person or entity; (iii) any officer, director, general partner or trustee of such Person or entity; (iv) any Person ten percent (10%) or more of whose outstanding voting securities are directly or indirectly owned, controlled or held, with power to vote, by such other Person; and (v) if such other Person or entity is an officer, director, general partner, or trustee of a Person or entity, the Person or entity for which such Person or entity acts in any such capacity.

"ASSETS" means Properties.

"AVERAGE INVESTED ASSETS" means, for a specified period, the average of the aggregate book value of the assets of the Company invested, directly or indirectly, in equity interests in and loans secured by real estate before reserves for depreciation or bad debts or other similar non-cash reserves, computed by taking the average of such values at the end of each month during such period.

"BYLAWS" means the bylaws of the Company, as the same are in effect from time to time.

"CODE" means the Internal Revenue Code of 1986, as amended from time to time, or any successor statute thereto. Reference to any provision of the Code shall mean such provision as in effect from time to time, as the same may be amended, and any successor provision thereto, as interpreted by any applicable regulations as in effect from time to time.

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"COMPANY PROPERTY" means any and all property, real, personal or otherwise, tangible or intangible, which is transferred or conveyed to the Company (including all rents, income, profits and gains therefrom), which is owned or held by, or for the account of, the Company.

"COMPETITIVE REAL ESTATE COMMISSION" means a real estate or brokerage commission for the purchase or sale of property which is reasonable, customary, and competitive in light of the size, type, and location of the property.

"CONSTRUCTION FEE" means a fee or other remuneration for acting as general contractor and/or construction manager to construct improvements, supervise and coordinate projects or to provide major repairs or rehabilitations on a Company Property.

"CONTRACT PRICE FOR THE PROPERTY" means the amount actually paid or allocated to the purchase, development, construction or improvement of a property exclusive of Acquisition Fees and Acquisition Expenses.

"DEALER MANAGER" means Wells Investment Securities, Inc., an Affiliate of the Advisor, or such other Person or entity selected by the Board of Directors to act as the dealer manager for the offering. Wells Investment Securities, Inc. is a member of the National Association of Securities Dealers, Inc.

"DEVELOPMENT FEE" means a fee for the packaging of a Property; including negotiating and approving plans, and undertaking to assist in obtaining zoning and necessary variances and financing for the specific Property, either initially or at a later date.

"DIRECTORS," "BOARD OF DIRECTORS" or "BOARD" means, collectively, the individuals named in Section 2.4 of these Amended and Restated Articles of Incorporation so long as they continue in office and all other individuals who have been duly elected and qualify as Directors of the Company hereunder.

"DISTRIBUTIONS" means any distributions of money or other property, pursuant to Section 7.2(iv) hereof, by the Company to owners of Shares, including distributions that may constitute a return of capital for federal income tax purposes. The Company will make no distributions other than distributions of money or readily marketable securities unless the requirements of Section 7.2(iv) hereof are satisfied.

"EQUITY SHARES" means transferable shares of beneficial interest of the Company of any class or series, including Common Shares or Preferred Shares.

"GROSS PROCEEDS" means the aggregate purchase price of all Shares sold for the account of the Company, without deduction for Selling Commissions, volume discounts, the marketing support and due diligence expense reimbursement fee or Organizational and Offering Expenses. For the purpose of computing Gross Proceeds, the purchase price of any Share for which reduced Selling Commissions are paid to the Dealer Manager or a Soliciting Dealer (where net proceeds to the Company are not reduced) shall be deemed to be \$10.00.

"INDEPENDENT DIRECTOR" means a Director who is not, and within the last two (2) years has not been, directly or indirectly associated with the Advisor by virtue of (i) ownership of an interest in the Advisor or its Affiliates, (ii) employment by the Advisor or its Affiliates, (iii) service as an officer or director of the Advisor or its Affiliates, (iv) performance of services, other than as a Director, for the Company, (v) service as a director or trustee of more than three (3) real estate investment trusts advised by the Advisor, or (vi) maintenance of a material business or professional relationship with the Advisor or any of its Affiliates. An indirect relationship shall include circumstances in which a Director's spouse, parents, children, siblings, mothers- or fathers-in-law, sons- or daughters-in-law or brothers- or sisters-in-law is or has been associated with the Advisor, any of its Affiliates or the Company. A business or professional relationship is considered material if the gross revenue derived by the Director from the Advisor and Affiliates exceeds five percent (5%) of either the Director's annual gross revenue during either of the last two (2) years or the Director's net worth on a fair market value basis.

"INDEPENDENT EXPERT" means a Person or entity with no material current or prior business or personal relationship with the Advisor or the Directors and who is engaged to a substantial extent in the business of rendering opinions regarding the value of assets of the type held by the Company.

"INITIAL INVESTMENT" means that portion of the initial capitalization of the Company contributed by the Sponsor or its Affiliates pursuant to Section II.A. of the NASAA REIT Guidelines.

"INITIAL PUBLIC OFFERING" means the offering and sale of Equity Shares of the Company pursuant to the Company's first effective registration statement

covering such Common Shares filed under the Securities Act of 1933, as amended.

"INVESTED CAPITAL" means the amount calculated by multiplying the total number of Shares purchased by Stockholders by the issue price, reduced by the portion of any Distribution that is attributable to Net Sales Proceeds and by any amounts paid by the Company to repurchase Shares pursuant to the Company's plan for repurchase of Shares.

"JOINT VENTURES" means those joint venture or general partnership arrangements in which the Company is a co-venturer or general partner which are established to acquire Properties.

"LEVERAGE" means the aggregate amount of indebtedness of the Company for money borrowed (including purchase money mortgage loans) outstanding at any time, both secured and unsecured.

"LISTING" means the listing of the Shares of the Company on a national securities exchange or over-the-counter market.

"MGCL" means the Maryland General Corporation Law.

"MORTGAGE" means mortgages, deeds of trust or other security interests on or applicable to Real Property.

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"NASAA REIT GUIDELINES" means the Statement of Policy Regarding Real Estate Investment Trusts published by the North American Securities Administrators Association.

"NET ASSETS" means the total assets of the Company (other than intangibles), at cost, before deducting depreciation or other non-cash reserves, less total liabilities, calculated quarterly by the Company on a basis consistently applied.

"NET INCOME" means for any period, the total revenues applicable to such period, less the total expenses applicable to such period excluding additions to reserves for depreciation, bad debts or other similar non-cash reserves; provided, however, Net Income for purposes of calculating total allowable Operating Expenses shall exclude the gain from the sale of the Company's assets.

"NET SALES PROCEEDS" means in the case of a transaction described in clause (i)(A) of the definition of Sale, the proceeds of any such transaction less the amount of all real estate commissions and closing costs paid by the Company. In the case of a transaction described in clause (i)(B) of such definition, Net Sales Proceeds means the proceeds of any such transaction less the amount of any legal and other selling expenses incurred in connection with such transaction. In the case of a transaction described in clause (i)(C) of such definition, Net Sales Proceeds means the proceeds of any such transaction actually distributed to the Company from the Joint Venture. In the case of a transaction or series of transactions described in clause (i)(D) of the definition of Sale, Net Sales Proceeds means the proceeds of any such transaction less the amount of all commissions and closing costs paid by the Company. In the case of a transaction described in clause (ii) of the definition of Sale, Net Sales Proceeds means the proceeds of such transaction or series of transactions less all amounts generated thereby and reinvested in one or more Properties within one hundred eighty (180) days thereafter and less the amount of any real estate commissions, closing costs, and legal and other selling expenses incurred by or allocated to the Company in connection with such transaction or series of transactions. Net Sales Proceeds shall also include, in the case of any lease of a Property consisting of a building only, any amounts from tenants, borrowers or lessees that the Company determines, in its discretion, to be economically equivalent to the proceeds of a Sale. Net Sales Proceeds shall not include, as determined by the Company in its sole discretion, any amounts reinvested in one or more Properties, or other assets, to repay outstanding indebtedness, or to establish reserves.

"OPERATING EXPENSES" means all costs and expenses incurred by the Company, as determined under generally accepted accounting principles, which in any way are related to the operation of the Company or to Company business, including advisory fees, the Subordinated Incentive Fee and the Advisor's subordinated ten percent (10%) share of Net Sales Proceeds, but excluding (i) the expenses of raising capital such as Organizational and Offering Expenses, legal, audit, accounting, underwriting, brokerage, listing, registration, and other fees, printing and other such expenses and tax incurred in connection with the issuance, distribution, transfer, registration and Listing of the Shares, (ii) interest payments, (iii) taxes, (iv) non-cash expenditures such as depreciation, amortization and bad debt reserves, (v) Acquisition Fees and Acquisition Expenses, and (vi) real estate commissions on the Sale of property, and other expenses connected with the acquisition and ownership of real estate interests, mortgage loans, or other property (such as the

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costs of foreclosure, insurance premiums, legal services, maintenance, repair, and improvement of property).

"OPERATING PARTNERSHIP" means the partnership through which the Company will own the Properties.

"OP UNITS" means a unit of limited partnership interest in the Operating Partnership.

"ORGANIZATIONAL and OFFERING EXPENSES" means any and all costs and expenses, other than Selling Commissions and marketing support and due diligence expenses, incurred by the Company, the Advisor or any Affiliate of either in connection with the formation, qualification and registration of the Company, and the marketing and distribution of Shares, including, without limitation, the following: total underwriting and brokerage discounts and commissions (including fees of the underwriters' attorneys), expenses for printing, engraving, amending, supplementing, mailing and distributing costs, salaries of employees while engaged in sales activity, telegraph and telephone costs, all advertising and marketing expenses (including the costs related to investor and broker-dealer sales meetings), charges of transfer agents, registrars, trustees, escrow holders, depositories, experts, and fees, expenses and taxes related to the filing, registration and qualification of the sale of the securities under Federal and State laws, including accountants' and attorneys' fees.

"PERSON" means an individual, corporation, partnership, estate, trust (including a trust qualified under Section 401(a) or 501(c)(17) of the Code), a portion of a trust permanently set aside for or to be used exclusively for the purposes described in Section 642(c) of the Code, association, private foundation within the meaning of Section 509(a) of the Code, joint stock company or other entity, or any government or any agency or political subdivision thereof, and also includes a group as that term is used for purposes of Section 13(d)(3) of the Securities Exchange Act of 1934, as amended.

"PROPERTY" or "PROPERTIES" means (i) the real properties, including the buildings located thereon, (ii) the real properties only, or (iii) the buildings only, which are acquired by the Company, either directly or through joint venture arrangements or other partnerships.

"PROSPECTUS" means the same as that term is defined in Section 2(10) of the Securities Act of 1933, including a preliminary prospectus, an offering circular as described in Rule 256 of the General Rules and Regulations under the Securities Act of 1933 or, in the case of an intrastate offering, any document by whatever name known, utilized for the purpose of offering and selling securities to the public.

"REAL PROPERTY" or "REAL ESTATE" means land, rights in land (including leasehold interests), and any buildings, structures, improvements, furnishings, fixtures and equipment located on or used in connection with land and rights or interests in land.

"REIT" means a corporation, trust, association or other legal entity (other than a real estate syndication) which is engaged primarily in investing in equity interests in real estate (including fee ownership and leasehold interests) or in loans secured by real estate or both.

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"REIT PROVISIONS OF THE CODE" means Sections 856 through 860 of the Code and any successor or other provisions of the Code relating to real estate investment trusts (including provisions as to the attribution of ownership of beneficial interests therein) and the regulations promulgated thereunder.

"ROLL-UP ENTITY" means a partnership, real estate investment trust, corporation, trust or similar entity that would be created or would survive after the successful completion of a proposed Roll-Up Transaction.

"ROLL-UP TRANSACTION" means a transaction involving the acquisition, merger, conversion, or consolidation, directly or indirectly, of the Company and the issuance of securities of a Roll-Up Entity. Such term does not include: (i) a transaction involving securities of the Company that have been listed on a national securities exchange or included for quotation on the National Market System of the National Association of Securities Dealers Automated Quotation System for at least 12 months; or (ii) a transaction involving the conversion to corporate, trust, or association form of only the Company if, as a consequence of the transaction, there will be no significant adverse change in Stockholder voting rights, the term of existence of the Company, compensation to the Advisor or the investment objectives of the Company.

"SALE" or "SALES" (i) means any transaction or series of transactions whereby: (A) the Company sells, grants, transfers, conveys or relinquishes its ownership of any Property or portion thereof, including the lease of any Property consisting of the building only, and including any event with respect to any Property which gives rise to a significant amount of insurance proceeds or condemnation awards; (B) the Company sells, grants, transfers, conveys or relinquishes its ownership of all or substantially all of the interest of the Company in any Joint Venture in which it is a co-venturer or partner; (C) any Joint Venture in which the Company as a co-venturer or partner sells, grants, transfers, conveys or relinquishes its ownership of any Property or portion thereof, including any event with respect to any Property which gives rise to insurance claims or condemnation awards; or (D) the Company sells, grants, conveys, or relinquishes its interest in any asset, or portion thereof, including and event with respect to any asset which gives rise to a significant amount of insurance proceeds or similar awards, but (ii) shall not include any transaction or series of transactions specified in clause (i)(A), (i)(B), or (i)(C) above in which the proceeds of such transaction or series of transactions are reinvested in one or more Properties within one hundred eighty (180) days thereafter.

"SECURITIES" means Equity Shares, Shares-in-Trust, any other stock, shares or other evidences of equity or beneficial or other interests, voting trust certificates, bonds, debentures, notes or other evidences of indebtedness, secured or unsecured, convertible, subordinated or otherwise, or in general any instruments commonly known as "securities" or any certificates of interest, shares or participations in, temporary or interim certificates for, receipts for, guarantees of, or warrants, options or rights to subscribe to, purchase or acquire, any of the foregoing.

"SELLING COMMISSIONS" means any and all commissions payable to underwriters, dealer managers, or other broker-dealers in connection with the sale of Shares, including, without limitation, commissions payable to Wells Investment Securities, Inc.

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"SHARES" means the up to 16,500,000 Shares of common stock of the Company to be sold in the Initial Public Offering.

"SOLICITING DEALERS" means those broker-dealers that are members of the National Association of Securities Dealers, Inc., or that are exempt from broker-dealer registration, and that, in either case, enter into participating broker or other agreements with the Dealer Manager to sell Shares.

"SPONSOR" means any Person directly or indirectly instrumental in organizing, wholly or in part, the Company or any Person who will control, manage or participate in the management of the Company, and any Affiliate of such Person. Not included is any Person whose only relationship with the Company is that of an independent property manager of Company assets, and whose only compensation is as such. Sponsor does not include wholly independent third parties such as attorneys, accountants, and underwriters whose only compensation is for professional services. A Person may also be deemed a Sponsor of the Company by:

- a. taking the initiative, directly or indirectly, in founding or organizing the business or enterprise of the Company, either alone or in conjunction with one or more other Persons;
- b. receiving a material participation in the Company in connection with the founding or organizing of the business of the Company, in consideration of services or property, or both services and property;
- c. having a substantial number of relationships and contacts with the Company;
- d. possessing significant rights to control Company properties;
- e. receiving fees for providing services to the Company which are paid on a basis that is not customary in the industry; or
- f. providing goods or services to the Company on a basis which was not negotiated at arms length with the Company.

"STOCKHOLDERS" means the registered holders of the Company's Equity Shares.

"STOCKHOLDERS 8% RETURN" means an 8% per annum cumulative, noncompounding return on Invested Capital.

"SUBORDINATED INCENTIVE FEE" means the fee payable to the Advisor under certain circumstances if the Shares are listed on a national securities exchange or over-the-counter market.

"SUCCESSOR" means any successor in interest of the Company.

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"TERMINATION DATE" means the date of termination of the Advisory Agreement.

"TOTAL PROCEEDS" means Gross Proceeds from the Initial Public Offering.

"UNIMPROVED REAL PROPERTY" means Property in which the Company has an equity interest that is not acquired for the purpose of producing rental or other operating income, that has no development or construction in process and for which no development or construction is planned, in good faith, to commence within one year.

ARTICLE II

BOARD OF DIRECTORS

SECTION 2.1 NUMBER. The number of Directors initially shall be five (5), which number may be increased or decreased from time to time by resolution of the Directors then in office or by a majority vote of the Stockholders entitled

to vote: provided, however, that the total number of Directors shall be not fewer than three (3) and not more than fifteen (15), subject to increase or decrease by the affirmative vote of 80% of the members of the entire Board of Directors. A majority of the Board of Directors will be Independent Directors except for a period of 60 days after the death, removal or resignation of an Independent Director. Any vacancies will be filled by the affirmative vote of a majority of the remaining directors, though less than a quorum. Independent Directors shall nominate replacements for vacancies in the Independent Director positions. No reduction in the number of Directors shall cause the removal of any Director from office prior to the expiration of his term. For the purposes of voting for Directors, each Share of stock may be voted for as many individuals as there are directors to be elected and for whose election the Share is entitled to be voted, or as may otherwise be required by the MGCL or other applicable law as in effect from time to time. A director may be removed with or without cause by the vote of the holders of a majority of the outstanding shares of capital stock entitled to vote for the election of directors at a special meeting of the shareholders called for the purpose of removing such director.

SECTION 2.2 EXPERIENCE. A Director shall have had at least three (3) years of relevant experience demonstrating the knowledge and experience required to successfully acquire and manage the type of assets being acquired by the Company. At least one of the Independent Directors shall have three (3) years of relevant real estate experience.

SECTION 2.3 COMMITTEES. Subject to the MGCL, the Directors may establish such committees as they deem appropriate, in their discretion, provided that the majority of the members of each committee are Independent Directors.

SECTION 2.4 INITIAL BOARD; TERM. The initial Directors are Leo F. Wells, III, Brian M. Conlon, John L. Bell, Richard W. Carpenter and Walter W. Sessoms. Each Director shall hold office for one (1) year, until the next annual meeting of Stockholders and until his successor shall have been duly elected and shall have qualified. Directors may be elected to an unlimited number of successive terms.

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SECTION 2.5 FIDUCIARY OBLIGATIONS. The Directors serve in a fiduciary capacity to the Company and have a fiduciary duty to the Stockholders of the Company, including a specific fiduciary duty to supervise the relationship of the Company with the Advisor.

SECTION 2.6 APPROVAL BY INDEPENDENT DIRECTORS. A majority of Independent Directors must approve all matters to which 2.1, 4.1, 4.2, 4.5, 4.6, 4.7, 4.8, 4.9, 4.10, 4.12, 4.13, 4.14, 5.2, 5.4(xii), 5.4(xiv), 7.13, 8.1 and 9.2 herein apply.

SECTION 2.7 RESIGNATION, REMOVAL OR DEATH. Any Director may resign by written notice to the Board of Directors, effective upon execution and delivery to the Company of such written notice or upon any future date specified in the notice. A Director may be removed from office with or without cause only at a meeting of the Stockholders called for that purpose, by the affirmative vote of the holders of not less than a majority of the Equity Shares then outstanding and entitled to vote, subject to the rights of any Preferred Shares to vote for such Directors. The notice of such meeting shall indicate that the purpose, or one of the purposes, of such meeting is to determine if a Director should be removed.

SECTION 2.8 BUSINESS COMBINATION STATUTE. Notwithstanding any other provision of these Articles of Incorporation or any contrary provision of law, the Maryland Business Combination Statute, found in Title 3, subtitle 6 of the MGCL, as amended from time to time, or any successor statute thereto, shall not apply to any "business combination" (as defined in Section 3-601(e) of the MGCL, as amended from time to time, or any successor statute thereto) of the Company and any Person.

SECTION 2.9 CONTROL SHARE ACQUISITION STATUTE. Notwithstanding any other provision of these Articles of Incorporation or any contrary provision of law, the Maryland Control Share Acquisition Statute, found in Title 3, subtitle 7 of the MGCL, as amended from time to time, or any successor statute thereto shall not apply to any acquisition of Securities of the Company by any Person.

ARTICLE III

POWERS OF DIRECTORS

SECTION 3.1 GENERAL. Subject to the express limitations herein or in the Bylaws and to the general standard of care required of directors under the MGCL and other applicable law, (i) the business and affairs of the Company shall be managed under the direction of the Board of Directors and (ii) the Directors shall have full, exclusive and absolute power, control and authority over the Company Property and over the business of the Company as if they, in their own right, were the sole owners thereof, except as otherwise limited by these Articles of Incorporation. The Directors have established the written policies on investments and borrowing set forth in this Article III and Article V hereof and shall monitor the administrative procedures, investment operations and performance of the Company and the Advisor to assure that such policies are carried out. The Directors may take any actions that, in their sole judgment and discretion, are necessary or desirable to conduct the business of the Company. A majority of the

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Board of Directors, including a majority of Independent Directors, hereby ratify these Articles of Incorporation, which shall be construed with a presumption in favor of the grant of power and authority to the Directors. Any construction of these Articles of Incorporation or determination made in good faith by the Directors concerning their powers and authority hereunder shall be conclusive. The enumeration and definition of particular powers of the Directors included in this Article III shall in no way be limited or restricted by reference to or inference from the terms of this or any other provision of these Articles of Incorporation or construed or deemed by inference or otherwise in any manner to exclude or limit the powers conferred upon the Directors under the general laws of the State of Maryland as now or hereafter in force.

SECTION 3.2 SPECIFIC POWERS AND AUTHORITY. Subject only to the express limitations herein, and in addition to all other powers and authority conferred by these Articles of Incorporation or by law, the Directors, without any vote, action or consent by the Stockholders, shall have and may exercise, at any time or times, in the name of the Company or on its behalf the following powers and authorities:

(i) INVESTMENTS. Subject to Article V and Section 9.5 hereof, to invest in, purchase or otherwise acquire and to hold real, personal or mixed, tangible or intangible, property of any kind wherever located, or rights or interests therein or in connection therewith, all without regard to whether such property, interests or rights are authorized by law for the investment of funds held by trustees or other fiduciaries, or whether obligations the Company acquires have a term greater or lesser than the term of office of the Directors or the possible termination of the Company, for such consideration as the Directors may deem proper (including cash, property of any kind or Securities of the Company); provided, however, that the Directors shall take such actions as they deem necessary and desirable to comply with any requirements of the MGCL relating to the types of assets held by the Company.

(ii) REIT QUALIFICATION. The Board of Directors shall use its best efforts to cause the Company and its Stockholders to qualify for U.S. federal income tax treatment in accordance with the provisions of the Code applicable to REITs (as those terms are defined in Section 1.5 hereof). In furtherance of the foregoing, the Board of Directors shall use its best efforts to take such actions as are necessary, and may take such actions as it deems desirable (in its sole discretion) to preserve the status of the Company as a REIT; provided,

however, that in the event that the Board of Directors determines, by vote of at least two-thirds (2/3) of the Directors, that it no longer is in the best interests of the Company to qualify as a REIT, the Board of Directors shall take such actions as are required by the Code, the MGCL and other applicable law, to cause the matter of termination of qualification as a REIT to be submitted to a vote of the Stockholders of the Company pursuant to Section 8.2.

(iii) SALE, DISPOSITION AND USE OF COMPANY PROPERTY. Subject to Article V and Sections 9.5 and 10.3 hereof, the Board of Directors shall have the authority to sell, rent, lease, hire, exchange, release, partition, assign, mortgage, grant security interests in, encumber, negotiate, dedicate, grant easements in and options with respect to, convey, transfer (including transfers to entities wholly or partially owned by the Company or the Directors) or otherwise dispose of any or all of the Company Property by deeds (including deeds in lieu of foreclosure with or without consideration), trust deeds, assignments, bills of sale, transfers,

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leases, mortgages, financing statements, security agreements and other instruments for any of such purposes executed and delivered for and on behalf of the Company or the Directors by one or more of the Directors or by a duly authorized officer, employee, agent or nominee of the Company, on such terms as they deem appropriate; to give consents and make contracts relating to the Company Property and its use or other property or matters; to develop, improve, manage, use, alter or otherwise deal with the Company Property; and to rent, lease or hire from others property of any kind; provided, however, that the Company may not use or apply land for any purposes not permitted by applicable law.

(iv) FINANCINGS. To borrow or, in any other manner, raise money for the purposes and on the terms they determine, which terms may (i) include evidencing the same by issuance of Securities of the Company and (ii) may have such provisions as the Directors determine; to reacquire such Securities of the Trust; to enter into other contracts or obligations on behalf of the Trust; to guarantee, indemnify or act as surety with respect to payment or performance of obligations of any Person; to mortgage, pledge, assign, grant security interests in or otherwise encumber the Company Property to secure any such Securities of the Company, contracts or obligations (including guarantees, indemnifications and suretyships); and to renew, modify, release, compromise, extend, consolidate or cancel, in whole or in part, any obligation to or of the Company or participate in any reorganization of obligors to the Company; provided, however, that the Company's Leverage on an aggregate basis may not exceed 50% of the Company's Properties' aggregate value; provided, that Leverage on individual Properties may exceed such limit.

(v) LENDING. Subject to all applicable limitations in these Articles of Incorporation, to lend money or other Company Property on such terms, for such purposes and to such Persons as they may determine.

(vi) ISSUANCE OF SECURITIES. Subject to the provisions of Article VII hereof, to create and authorize and direct the issuance (on either a pro rata or a non-pro rata basis) by the Company, in shares, units or amounts of one or more types, series or classes, of Securities of the Company, which may have such voting rights, dividend or interest rates, preferences, subordinations, conversion or redemption prices or rights; maturity dates, distribution, exchange, or liquidation rights or other rights as the Directors may determine, without vote of or other action by the Stockholders, to such Persons for such consideration, at such time or times and in such manner and on such terms as the Directors determine, to list any of the Securities of the Company on any securities exchange; and to purchase or otherwise acquire, hold, cancel, reissue, sell and transfer any Securities of the Company.

(vii) EXPENSES AND TAXES. To pay any charges, expenses or liabilities necessary or desirable, in the sole discretion of the Directors, for carrying out the purposes of these Articles of Incorporation and conducting the business of the Company, including compensation or fees to Directors, officers,

employees and agents of the Company, and to Persons contracting with the Company, and any taxes, levies, charges and assessments of any kind imposed upon or chargeable against the Company, the Company Property or the Directors in connection therewith; and to prepare and file any tax returns, reports or other documents and take any other appropriate action relating to the payment of any such charges, expenses or liabilities.

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(viii) COLLECTION AND ENFORCEMENT. To collect, sue for and receive money or other property due to the Company; to consent to extensions of the time for payment, or to the renewal, of any Securities or obligations; to engage or to intervene in, prosecute, defend, compound, enforce, compromise, release, abandon or adjust any actions, suits, proceedings, disputes, claims, demands, security interests or things relating to the Company, the Company Property or the Company's affairs; to exercise any rights and enter into any agreements and take any other action necessary or desirable in connection with the foregoing.

(ix) DEPOSITS. To deposit funds or Securities constituting part of the Company Property in banks, trust companies, savings and loan associations, financial institutions and other depositories, whether or not such deposits will draw interest, subject to withdrawal on such terms and in such manner as the Directors determine.

(x) ALLOCATION; ACCOUNTS. To determine whether moneys, profits or other assets of the Company shall be charged or credited to, or allocated between, income and capital, including whether or not to amortize any premium or discount and to determine in what manner any expenses or disbursements are to be borne as between income and capital (regardless of how such items would normally or otherwise be charged to or allocated between income and capital without such determination); to treat any dividend or other distribution on any investment as, or apportion it between, income and capital; in their discretion to provide reserves for depreciation, amortization, obsolescence or other purposes in respect of any Company Property in such amounts and by such methods as they determine what constitutes net earnings, profits or surplus; to determine the method or form in which the accounts and records of the Company shall be maintained; and to allocate to the Stockholders' equity account less than all of the consideration paid for Securities and to allocate the balance to paid-in capital or capital surplus.

(xi) VALUATION OF PROPERTY. To determine the value of all or any part of the Company Property and of any services, Securities, property or other consideration to be furnished to or acquired by the Company, and to revalue all or any part of the Company Property, all in accordance with such appraisals or other information as are reasonable, in their sole judgment.

(xii) OWNERSHIP AND VOTING POWERS. To exercise all of the rights, powers, options and privileges pertaining to the ownership of any Mortgages, Securities, Real Estate and other Company Property to the same extent that an individual owner might, including without limitation to vote or give any consent, request or notice or waive any notice, either in person or by proxy or power of attorney, which proxies and powers of attorney may be for any general or special meetings or action, and may include the exercise of discretionary powers.

(xiii) OFFICERS, ETC.; DELEGATION OF POWERS. To elect, appoint or employ such officers for the Company and such committees of the Board of Directors with such powers and duties as the Directors may determine, the Company's Bylaws provide or the MGCL requires; to engage, employ or contract with and pay compensation to any Person (including subject to Section 9.5 hereof, any Director and any Person who is an Affiliate of any Director) as agent, representative, Advisor, member of an advisory board, employee or independent contractor (including advisors, consultants, transfer agents, registrars, underwriters, accountants,

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attorneys-at-law, real estate agents, property and other managers, appraisers, brokers, architects, engineers, construction managers, general contractors or otherwise) in one or more capacities, to perform such services on such terms as the Directors may determine; to delegate to one or more Directors, officers or other Persons engaged or employed as aforesaid or to committees of Directors or to the Advisor, the performance of acts or other things (including granting of consents), the making of decisions and the execution of such deeds, contracts, leases or other instruments, either in the names of the Company, the Directors or as their attorneys or otherwise, as the Directors may determine; and to establish such committees as they deem appropriate.

(xiv) ASSOCIATIONS. Subject to Section 9.5 hereof, to cause the Company to enter into joint ventures, general or limited partnerships, participation or agency arrangements or any other lawful combinations, relationships or associations of any kind.

(xv) REORGANIZATIONS, ETC. Subject to Sections 10.2 and 10.3 hereof, to cause to be organized or assist in organizing any Person under the laws of any jurisdiction to acquire all or any part of the Company Property, carry on any business in which the Company shall have an interest or otherwise exercise the powers the Directors deem necessary, useful or desirable to carry on the business of the Company or to carry out the provisions of these Articles of Incorporation, to merge or consolidate the Company with any Person; to sell, rent, lease, hire, convey, negotiate, assign, exchange or transfer all or any part of the Company Property to or with any Person in exchange for Securities of such Person or otherwise; and to lend money to, subscribe for and purchase the Securities of, and enter into any contracts with, any Person in which the Company holds, or is about to acquire, Securities or any other interests.

(xvi) INSURANCE. To purchase and pay for out of Company Property insurance policies insuring the Stockholders, Company and the Company Property against any and all risks, and insuring the Directors, Advisors and Affiliates of the Company individually (each an "Insured") against all claims and liabilities of every nature arising by reason of holding or having held any such status, office or position or by reason of any action alleged to have been taken or omitted by the Insured in such capacity, whether or not the Company would have the power to indemnify against such claim or liability, provided that such insurance be limited to the indemnification permitted by Section 9.2 hereof in regard to any liability or loss resulting from negligence, gross negligence, misconduct, willful misconduct or an alleged violation of federal or state securities laws. Nothing contained herein shall preclude the Company from purchasing and paying for such types of insurance, including extended coverage liability and casualty and workers' compensation, as would be customary for any Person owning comparable assets and engaged in a similar business, or from naming the Insured as an additional insured party thereunder, provided that such addition does not add to the premiums payable by the Company. The Board of Directors' power to purchase and pay for such insurance policies shall be limited to policies that comply with all applicable state laws and the NASAA REIT Guidelines.

(xvii) DISTRIBUTIONS. To declare and pay dividends or other Distributions to Stockholders, subject to the provisions of Section 7.2 hereof.

(xviii) DISCONTINUE OPERATIONS; BANKRUPTCY. To discontinue the operations of the Company (subject to Section 10.2 hereof); to petition or apply for relief under

any provision of federal or state bankruptcy, insolvency or reorganization laws or similar laws for the relief of debtors; to permit any Company Property to be foreclosed upon without raising any legal or equitable defenses that may be available to the Company or the Directors or otherwise defending or responding to such foreclosure; to confess judgment against the Trust (as hereinafter defined); or to take such other action with respect to indebtedness or other obligations of the Directors, the Company Property or the Company as the

Directors, in such capacity, and in their discretion may determine.

(xix) TERMINATION of STATUS. To terminate the status of the Company as a real estate investment trust under the REIT Provisions of the Code; provided, however, that the Board of Directors shall take no action to terminate the Company's status as a real estate investment trust under the REIT Provisions of the Code until such time as (i) the Board of Directors adopts a resolution recommending that the Company terminate its status as a real estate investment trust under the REIT Provisions of the Code, (ii) the Board of Directors presents the resolution at an annual or special meeting of the Stockholders and (iii) such resolution is approved by the holders of a majority of the issued and outstanding Common Shares (as defined in Section 7.2(ii) hereof).

(xx) FISCAL YEAR. Subject to the Code, to adopt, and from time to time change, a fiscal year for the Company.

(xxi) SEAL. To adopt and use a seal, but the use of a seal shall not be required for the execution of instruments or obligations of the Company.

(xxii) BYLAWS. To adopt, implement and from time to time alter, amend or repeal the Bylaws of the Company relating to the business and organization of the Company, provided that such amendments are not inconsistent with the provisions of these Articles of Incorporation, and further provided that the Directors may not amend the Bylaws, without the affirmative vote of a majority of the Equity Shares, to the extent that such amendments adversely affect the rights, preferences and privileges of Stockholders.

(xxiii) LISTING SHARES. To cause the Listing of the Shares at any time after completion of the Initial Public Offering but in no event shall such Listing occur more than ten (10) years after completion of the offering.

(xxiv) FURTHER POWERS. To do all other acts and things and execute and deliver all instruments incident to the foregoing powers, and to exercise all powers which they deem necessary, useful or desirable to carry on the business of the Company or to carry out the provisions of these Articles of Incorporation, even if such powers are not specifically provided hereby.

SECTION 3.3 DETERMINATION OF BEST INTEREST OF COMPANY. In determining what is in the best interest of the Company, a Director shall consider the interests of the Stockholders of the Company and, in his or her sole and absolute discretion, may consider (i) the interests of the Company's employees, suppliers, creditors and customers, (ii) the economy of the nation, (iii) community and societal interests, and (iv) the long-term as well as short-term

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interests of the Company and its Stockholders, including the possibility that these interests may be best served by the continued independence of the Company.

ARTICLE IV

ADVISOR

SECTION 4.1 APPOINTMENT AND INITIAL INVESTMENT OF ADVISOR. The Directors are responsible for setting the general policies of the Company and for the general supervision of its business conducted by officers, agents, employees, advisors or independent contractors of the Company. However, the Directors are not required personally to conduct the business of the Company, and they may (but need not) appoint, employ or contract with any Person (including a Person Affiliated with any Director) as an Advisor and may grant or delegate such authority to the Advisor as the Directors may, in their sole discretion, deem necessary or desirable. The term of retention of any Advisor shall not exceed one (1) year, although there is no limit to the number of times that a particular Advisor may be retained. The Advisor shall make an initial investment of \$200,000 in the Operating Partnership. The Advisor or any Affiliate may not sell this initial investment while the Advisor remains a

Sponsor but may transfer the initial investment to other Affiliates.

SECTION 4.2 SUPERVISION OF ADVISOR. The Directors shall evaluate the performance of the Advisor before entering into or renewing an advisory contract and the criteria used in such evaluation shall be reflected in the minutes of meetings of the Board. The Directors may exercise broad discretion in allowing the Advisor to administer and regulate the operations of the Company, to act as agent for the Company, to execute documents on behalf of the Company and to make executive decisions which conform to general policies and principles established by the Directors. The Directors shall monitor the Advisor to assure that the administrative procedures, operations and programs of the Company are in the best interests of the Stockholders and are fulfilled. The Independent Directors are responsible for reviewing the fees and expenses of the Company at least annually or with sufficient frequency to determine that the expenses incurred are reasonable in light of the investment performance of the Company, its Net Assets, its Net Income and the fees and expenses of other comparable unaffiliated REITs. Each such determination shall be reflected in the minutes of the meetings of the Board of Directors. In addition, from time to time, but at least annually, a majority of the Independent Directors and a majority of Directors not otherwise interested in the transaction must approve each transaction with the Advisor or its Affiliates. The Independent Directors also will be responsible for reviewing the performance of the Advisor and determining that compensation to be paid to the Advisor is reasonable in relation to the nature and quality of services performed and the investment performance of the Company and that the provisions of the Advisory Agreement are being carried out. Specifically, the Independent Directors will consider factors such as the Net Assets and Net Income of the Company, the amount of the fee paid to the Advisor in relation to the size, composition and performance of the Company's portfolio, the success of the Advisor in generating opportunities that meet the investment objectives of the Company, rates charged to other REITs and to investors other than REITs by advisors performing the same or similar services, additional revenues realized by the Advisor and its

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Affiliates through their relationship with the Company, whether paid by the Company or by others with whom the Company does business, the quality and extent of service and advice furnished by the Advisor, the performance of the investment portfolio of the Company, including income, conservation or appreciation of capital, frequency of problem investments and competence in dealing with distress situations, and the quality of the portfolio of the Company relative to the investments generated by the Advisor for its own account. The Independent Directors may also consider all other factors which they deem relevant and the findings of the Independent Directors on each of the factors considered shall be recorded in the minutes of the Board of Directors. The Board of Directors shall determine whether any successor Advisor possesses sufficient qualifications to perform the advisory function for the Company and whether the compensation provided for in its contract with the Company is justified.

SECTION 4.3 FIDUCIARY OBLIGATIONS. The Advisor has a fiduciary responsibility to the Company and to the Stockholders.

SECTION 4.4 AFFILIATION AND FUNCTIONS. The Directors, by resolution or in the Bylaws, may provide guidelines, provisions, or requirements concerning the affiliation and functions of the Advisor.

SECTION 4.5 TERMINATION. Either a majority of the Independent Directors or the Advisor may terminate the advisory contract on sixty (60) days' written notice without cause or penalty, and, in such event, the Advisor will cooperate with the Company and the Directors in making an orderly transition of the advisory function.

SECTION 4.6 REAL ESTATE COMMISSION ON SALE OF PROPERTY. The Company shall pay the Advisor a deferred, subordinated real estate disposition fee upon Sale of one or more Properties, in an amount equal to the lesser of (i) one-half (1/2) of a Competitive Real Estate Commission, or (ii) three percent (3%) of the

sales price of such Property or Properties. In addition, the amount paid when added to the sums paid to unaffiliated parties in such a capacity shall not exceed the lesser of the Competitive Real Estate Commission or an amount equal to 6% of the sales price of such Property or Properties. Payment of such fee shall be made only if the Advisor provides a substantial amount of services in connection with the Sale of a Property or Properties and shall be subordinated to receipt by the Stockholders of Distributions equal to the sum of (i) their aggregate Stockholders' 8% Return and (ii) their aggregate Invested Capital. If, at the time of a Sale, payment of such disposition fee is deferred because the subordination conditions have not been satisfied, then the disposition fee shall be paid at such later time as the subordination conditions are satisfied. Upon Listing, if the Advisor has accrued but not been paid such real estate disposition fee, then for purposes of determining whether the subordination conditions have been satisfied, Stockholders will be deemed to have received a Distribution in the amount equal to the product of the total number of Shares outstanding and the average closing price of the Shares over a period, beginning 180 days after Listing, of 30 days during which the Shares are traded.

SECTION 4.7 SUBORDINATED SHARE OF NET SALES PROCEEDS. The Company shall pay the Advisor a deferred, subordinated share from Sales of assets of the Company, whether or not in liquidation of the Company, equal to 10% of Net Sales Proceeds

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remaining after receipt by the Stockholders of Distributions equal to the sum of (i) the Stockholders' 8% Return and (ii) 100% of Invested Capital. Upon liquidation, the Advisor shall also receive an amount equal to the Advisor's initial investment in the Operating Partnership after receipt by the Stockholders of the distributions described in (i) and (ii) above. In the event the share of Net Sales Proceeds set forth in this Section 4.7 is paid to the Advisor, no other Net Sales Proceeds will be paid to the Advisor. In the case of multiple Advisors, Advisors and any Affiliate shall be allowed such fees provided such fees are distributed by a proportional method reasonably designed to reflect the value added to the Company assets by each respective Advisor or any Affiliate.

SECTION 4.8 SUBORDINATED INCENTIVE FEE UPON LISTING. At such time, if any, as Listing occurs, the Advisor shall be paid the Subordinated Incentive Fee in an amount equal to ten percent (10%) of the amount by which (i) the market value of the Company (as defined below) plus the total Distributions paid to Stockholders from the Company's inception until the date of Listing exceeds (ii) the sum of (A) one hundred percent (100%) of Invested Capital and (B) the total Distributions required to be paid to the Stockholders in order to pay the Stockholders' 8% Return from inception through the date the market value is determined. For purposes of calculating the Subordinated Incentive Fee, the market value of the Company shall be the average closing price or average of bid and asked price, as the case may be, over a period of thirty (30) days during which the Shares are traded with such period beginning one hundred eighty (180) days after Listing. In the event the Subordinated Incentive Fee is paid to the Advisor following Listing, no other performance fee will be paid to the Advisor. In the case of multiple Advisors, Advisors and any Affiliate shall be allowed incentive fees provided such fees are distributed by a proportional method reasonably designed to reflect the value added to the Company assets by each respective Advisor or any Affiliate.

SECTION 4.9 NEW ADVISOR FEE STRUCTURES. In the event that the Company becomes a perpetual life entity, which will occur if the Shares become listed on a national securities exchange or over-the-counter market, the Company and the Advisor will negotiate in good faith a fee structure appropriate for an entity with a perpetual life, subject to approval by a majority of the Independent Directors. In negotiating a new fee structure, the Independent Directors shall consider all of the factors they deem relevant. These are expected to include, but will not necessarily be limited to: (i) the amount of the advisory fee in relation to the asset value, composition, and profitability of the Company's portfolio; (ii) the success of the Advisor in generating opportunities that meet the investment objectives of the Company; (iii) the rates charged to other REITs

and to investors other than REITs by Advisors that perform the same or similar services; (iv) additional revenues realized by the Advisor and its Affiliates through their relationship with the Company, including loan administration, underwriting or broker commissions, servicing, engineering, inspection and other fees, whether paid by the Company or by others with whom the Company does business; (v) the quality and extent of service and advice furnished by the Advisor; (vi) the performance of the investment portfolio of the Company, including income, conservation or appreciation of capital, and number and frequency of problem investments; and (vii) the quality of the Property portfolio of the Company in relation to the investments generated by the Advisor for its own account. The Board of Directors, including a majority of the Independent Directors, may not approve a new fee structure that, in its judgment, is more favorable to the Advisor than the current fee structure.

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SECTION 4.10 REIMBURSEMENT FOR ORGANIZATIONAL AND OFFERING EXPENSES. The Company shall reimburse the Advisor and its Affiliates an amount of up to 3% of the Gross Proceeds for Organizational and Offering Expenses incurred by the Advisor or its Affiliates.

SECTION 4.11 REIMBURSEMENT FOR MARKETING SUPPORT AND DUE DILIGENCE EXPENSES. The Company shall reimburse the Advisor and its Affiliates an amount of up to .5% of the Gross Proceeds for bona fide due diligence expenses and an amount of up to 2.0% of the Gross Proceeds for bona fide marketing support expenses incurred by the Advisor or its Affiliates.

SECTION 4.12 ACQUISITION FEES. The Company shall pay the Advisor and its Affiliates an amount of up to 3% of the Gross Proceeds for the review and evaluation of potential Real Property acquisitions.

SECTION 4.13 REIMBURSEMENT FOR ACQUISITION EXPENSES. The Company shall reimburse the Advisor and its Affiliates an amount of up to .5% of the Gross Proceeds for Acquisition Expenses incurred by the Advisor or its Affiliates.

SECTION 4.14 REIMBURSEMENT FOR OPERATING EXPENSES. The Company shall reimburse the Advisor, at the end of each fiscal quarter, for Operating Expenses incurred by the Advisor; provided, however that the Company shall not reimburse the Advisor at the end of any fiscal quarter for Operating Expenses that, in the four consecutive fiscal quarters then ended (the "Expense Year") exceed (the "Excess Amount") the greater of 2% of Average Invested Assets or 25% of Net Income (the "2%/25% Guidelines") for such year.

SECTION 4.15 REIMBURSEMENT LIMITATION. The Company shall not reimburse the Advisor or its Affiliates for services for which the Advisor or its Affiliates are entitled to compensation in the form of a separate fee.

ARTICLE V

INVESTMENT OBJECTIVES AND LIMITATIONS

SECTION 5.1 INVESTMENT OBJECTIVES. The Company's primary investment objectives are: (viii) to preserve, protect and return the Invested Capital of the Stockholders; (ix) to maximize cash available for Distribution; (x) to realize capital appreciation upon the ultimate sale of the Company's Properties; and (xi) to provide Stockholders with liquidity of their investment within ten (10) years after the commencement of the Initial Public Offering through either (a) the Listing of the Shares, or (b) if Listing does not occur within ten years following the commencement of the Initial Public Offering, the dissolution of the Company and orderly liquidation of its assets. The sheltering from tax of income from other sources is not an objective of the Company. Subject to the restrictions set forth herein, the Directors will use their best efforts to conduct the affairs of the Company in such a manner as to continue to qualify the Company for the tax treatment provided in the REIT Provisions of the Code; provided, however,

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no Director, officer, employee or agent of the Company shall be liable for any act or omission resulting in the loss of tax benefits under the Code, except to the extent provided in Section 9.2 hereof.

SECTION 5.2 REVIEW OF OBJECTIVES. The Independent Directors shall review the investment policies of the Company with sufficient frequency and at least annually to determine that the policies being followed by the Company at any time are in the best interests of its Stockholders. Each such determination and the basis therefor shall be set forth in the minutes of the meetings of the Board of Directors.

SECTION 5.3 CERTAIN PERMITTED INVESTMENTS.

(i) The Company may invest in Properties, as defined in Section 1.5 hereto.

(ii) The Company may invest in Joint Ventures with the Sponsor, Advisor, one or more Directors or any Affiliate, if a majority of Directors (including a majority of Independent Directors) not otherwise interested in the transaction, approve such investment as being fair and reasonable to the Company and on substantially the same terms and conditions as those received by the other joint venturers.

(iii) Subject to any limitations in Section 5.4(ix), the Company may invest in equity securities if a majority of Directors (including a majority of Independent Directors) not otherwise interested in the transaction approve such investment as being fair, competitive and commercially reasonable.

(iv) The Company may enter into a partnership, joint venture or co-tenancy with unrelated parties if (a) the management of such partnership, joint venture or co-tenancy is under the control of the Company; (ii) the Company, as a result of such joint ownership of a property, is not charged, directly or indirectly, more than once for the same services; (iii) the joint ownership, partnership or co-tenancy agreement does not authorize or require the Company to do anything as a partner, joint venturer or co-tenant with respect to the property which the Company or Advisor could not do directly because of the Advisory Agreement; and (iv) the Advisor and its Affiliates are prohibited from receiving any compensation, fees or expenses which are not permitted to be paid under the Advisory Agreement.

SECTION 5.4 INVESTMENT LIMITATIONS. In addition to other investment restrictions imposed by the Directors from time to time, consistent with the Company's objective of qualifying as a REIT, the following shall apply to the Company's investments:

(i) Not more than 10% of the Company's total assets shall be invested in Unimproved Real Property or mortgage loans on Unimproved Real Property.

(ii) The Company shall not invest in commodities or commodity future contracts. This limitation is not intended to apply to futures contracts, when used solely for hedging purposes in connection with the Company's ordinary business of investing in real estate assets and mortgages.

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(iii) The Company will not make or invest in mortgage loans (except in connection with the sale or other disposition of a Property).

(iv) The Company shall not invest in or make mortgage loans unless an appraisal is obtained concerning the underlying property except for those loans insured or guaranteed by a government or government agency. Mortgage indebtedness on any property shall not exceed such property's appraised value. In cases in which a majority of Independent Directors so determine, and in all cases in which the transaction is with the Advisor, Directors, or any Affiliates, such appraisal of the underlying property must be obtained from an

Independent Expert. Such appraisal shall be maintained in the Company's records for at least five (5) years and shall be available for inspection and duplication by any Stockholder. In addition to the appraisal, a mortgagee's or owner's title insurance policy or commitment as to the priority of the mortgage or condition of the title must be obtained.

(v) The Company shall not make or invest in mortgage loans, including construction loans, on any one (1) Property if the aggregate amount of all mortgage loans outstanding on the Property, including the loans of the Company, would exceed an amount equal to eighty-five percent (85%) of the appraised value of the Property as determined by appraisal unless substantial justification exists because of the presence of other underwriting criteria. For purposes of this subsection, the "aggregate amount of all Mortgage Loans outstanding on the Property, including the loans of the Company" shall include all interest (excluding contingent participation in income and/or appreciation in value of the mortgaged Property), the current payment of which may be deferred pursuant to the terms of such loans, to the extent that deferred interest on each loan exceeds five percent (5%) per annum of the principal balance of the loan.

(vi) The Company shall not invest in indebtedness ("Junior Debt") secured by a mortgage on real property which is subordinate to the lien or other indebtedness ("Senior Debt"), except where such amount of such Junior Debt, plus the outstanding amount of Senior Debt, does not exceed 90% of the appraised value of such property, if after giving effect thereto, the value of all such mortgage loans of the Company (as shown on the books of the Company in accordance with generally accepted accounting principles, after all reasonable reserves but before provision for depreciation) would not then exceed 25% of the Company's Net Assets. The value of all investments in Junior Debt of the Company which does not meet the aforementioned requirements shall be limited to 10% of the Company's tangible assets (which would be included within the 25% limitation).

(vii) The Company shall not engage in any short sale, or borrow, on an unsecured basis, if such borrowing will result in an Asset Coverage of less than 300%, except that such borrowing limitation shall not apply to a first mortgage trust. "Asset Coverage," for the purpose of this Section 5.4(vi) means the ratio which the value of the total assets of an issuer, less all liabilities and indebtedness except indebtedness for unsecured borrowings, bears to the aggregate amount of all unsecured borrowings of such issuer.

(viii) The Company shall not make or invest in any mortgage loans that are subordinate to any mortgage, other indebtedness or equity interest of the Advisor, the Directors, the Sponsor or an Affiliate of the Company. In addition, the Company shall not invest in any

security of any entity holding investments or engaging in activities prohibited by these Articles of Incorporation.

(ix) The Company shall not invest in or underwrite the securities of other issuers, including any publicly offered or traded limited partnership interests, except for investments in joint ventures as described in the Company's Prospectus and except for permitted temporary investments pending utilization of Company funds, provided that following one year after the commencement of operations of the Company no more than 45% of the value of the Company's total assets (exclusive of Government securities and cash items) will consist of, and no more than 45% of the Company's net income after taxes (for the last four fiscal quarters combined) will be derived from, securities other than (A) Government securities, or (B) securities in a corporation where real estate is the principal asset and the acquisition of such real estate can best be affected by the acquisition of the stock of such corporation, provided that any such corporation is either (x) a corporation which is a majority owned subsidiary of the Company and which is not an investment company as defined by the Investment Company Act of 1940, as amended, or (y) a corporation which is controlled primarily by the Company, through which corporation the Company

engages in the business of acquisition and operation of real estate and which is not an investment company; all as approved by a majority of Directors, (including a majority of Independent Directors) not otherwise interested in the transaction as fair, competitive and commercially reasonable.

(x) The Company shall not issue (A) equity securities redeemable solely at the option of the holder (except that Stockholders may offer their Common Shares to the Company pursuant to that certain redemption plan adopted or to be adopted by the Board of Directors on terms outlined in the section relating to Common Shares entitled "Share Repurchase Program" in the Company's Prospectus relating to the Initial Public Offering); (B) debt securities unless the historical debt service coverage (in the most recently completed fiscal year) as adjusted for known changes is sufficient to properly service that higher level of debt; (C) Equity Shares on a deferred payment basis or under similar arrangements; (D) non-voting or non-assessable securities; (E) options, warrants, or similar evidences of a right to buy its securities (collectively, "Options") unless (1) issued to all of its Stockholders ratably, (2) as part of a financing arrangement, or (3) as part of a Stock Option Plan available to Directors, officers or employees of the Company or the Advisor. Options may not be issued to the Advisor, Director, Sponsor or any Affiliate thereof except on the same terms as such Options are sold to the general public. Options may be issued to persons other than the Advisor, Directors, Sponsor or any Affiliate thereof but not at exercise prices less than the fair market value of the underlying securities on the date of grant and not for consideration that in the judgment of the Independent Directors has a market value less than the value of such Option on the date of grant. Options issuable to the Advisor, Directors, Sponsor or any Affiliate thereof shall not exceed 10% of the outstanding Shares on the date of grant. The voting rights per share of Equity Shares of the Company (other than the publicly held Equity Shares of the Company) sold in a private offering shall not exceed the voting rights which bear the same relationship to the voting rights of the publicly held Equity Shares as the consideration paid to the Company for each privately offered Equity Share of the Company bears to the book value of each outstanding publicly held Equity Share.

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(xi) The Company shall not enter into agreements with the Advisor or its Affiliates for the provision of insurance covering the Company or any Property.

(xii) A majority of the Directors shall authorize the consideration to be paid for each Property, based on the fair market value of the Property. If a majority of the Independent Directors determine, or if the Property is acquired from the Advisor, a Director, the Sponsor or their Affiliates, such fair market value shall be determined by a qualified independent real estate appraiser selected by the Independent Directors.

(xiii) The Company shall not issue senior securities except notes to banks and other lenders and Preferred Shares.

(xiv) The aggregate Leverage of the Company shall be reasonable in relation to the Net Assets of the Company and shall be reviewed by the Directors at least quarterly. The maximum amount of such Leverage shall not exceed 50% of the Properties' aggregate value, provided, that Leverage on individual Properties may exceed such limit.

(xv) The Sponsor, Advisor, Directors and any Affiliates thereto shall not make loans to the Company, or to joint ventures in which the Company is a co-venturer, for the purpose of acquiring Properties. Any loans to the Company by such parties for other purposes must be approved by a majority of Directors (including a majority of Independent Directors) not otherwise interested in the transaction as fair, competitive and commercially reasonable and no less favorable to the Company than comparable loans between unaffiliated parties.

(xvi) The Company shall not make loans to the Sponsor, Advisor, Directors, officers or any principal of the Company or any of its Affiliate.

(xvii) The Company shall not operate so as to be classified as an "investment company" under the Investment Company Act of 1940, as amended.

(xviii) The Company will not make any investment that the Company believes will be inconsistent with its objectives of qualifying and remaining qualified as a REIT.

(xix) The Company shall not invest in real estate contracts of sale unless such contracts of sale are in recordable form and appropriately recorded in the chain of title.

The foregoing investment limitations may not be modified or eliminated without the approval of Stockholders owning a majority of the outstanding Equity Shares and a majority of the Independent Directors not otherwise interested in the transaction.

ARTICLE VI

CONFLICTS OF INTEREST

SECTION 6.1 SALES AND LEASES TO COMPANY. The Company may purchase or lease a Property or Properties from the Sponsor, Advisor, Director, or any Affiliate upon a

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finding by a majority of Directors (including a majority of Independent Directors) not otherwise interested in the transaction that such transaction is competitive and commercially reasonable to the Company and at a price to the Company no greater than the cost of the asset to such Sponsor, Advisor, Director or Affiliate, or, if the price to the Company is in excess of such cost, that substantial justification for such excess exists and such excess is reasonable and only if the possibility of such acquisition(s) is disclosed, and there is appropriate disclosure of the material facts concerning each such investment. In no event shall the cost of such asset to the Company exceed its current appraised value.

SECTION 6.2 SALES AND LEASES TO THE SPONSOR, ADVISOR, DIRECTORS OR AFFILIATES. An Advisor, Director or Affiliate may purchase or lease a Property or Properties from the Company if a majority of Directors (including a majority of Independent Directors) not otherwise interested in the transaction determine that the transaction is fair and reasonable to the Company.

SECTION 6.3 OTHER TRANSACTIONS.

(i) No goods or services will be provided by the Advisor or its Affiliates to the Company, except for transactions in which the Advisor or its Affiliates provide goods or services to the Company in accordance with these Articles of Incorporation or if a majority of the Directors (including a majority of the Independent Directors) not otherwise interested in such transactions approve such transactions as fair and reasonable to the Company and on terms and conditions not less favorable to the Company than those available from unaffiliated third parties.

(ii) The Company shall not make loans to the Sponsor, Advisor, Directors or any Affiliates thereof. The Sponsor, Advisor, Directors and any Affiliates thereof shall not make loans to the Company, or to joint ventures in which the Company is a co-venturer, for the purpose of acquiring Properties. Any loans to the Company by such parties for other purposes must be approved by a majority of the Directors (including a majority of the Independent Directors) not otherwise interested in such transaction as fair, competitive, and commercially reasonable, and no less favorable to the Company than comparable loans between unaffiliated parties.

SECTION 6.4 CONFLICT RESOLUTION PROCEDURES. In the event that an

investment opportunity becomes available which is suitable for both the Company and a public or private entity with which the Advisor or its Affiliates are affiliated, for which both entities have sufficient uninvested funds, then the entity which has had the longest period of time elapse since it was offered an investment opportunity will first be offered the investment opportunity. An investment opportunity will not be considered suitable for an entity if the 2%/25% Guidelines could not be satisfied if the entity were to make the investment. In determining whether or not an investment opportunity is suitable for more than one entity, the Board of Directors and the Advisor will examine such factors, among others, as the cash requirements of each entity, the effect of the acquisition both on diversification of each entity's investments by types of commercial office properties and geographic area, and on diversification of the tenants of its properties (which also may affect the need for one of the entities to prepare or produce audited financial statements for a property or a tenant), the anticipated cash flow of each entity, the size

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of the investment, the amount of funds available to each program, and the length of time such funds have been available for investment. If the subsequent development, such as a delay in the closing of a property or a delay in the construction of a property, causes any such investment, in the opinion of the Board of Directors and the Advisor, to be more appropriate for an entity other than the entity which committed to make the investment, however, the Advisor has the right to agree that the other entity affiliated with the Advisors or its Affiliates may make the investment.

ARTICLE VII

SHARES

SECTION 7.1 AUTHORIZED SHARES. The total number of shares of capital stock which the Company is authorized to issue is ninety million (90,000,000), consisting of forty million (40,000,000) Common Shares (as defined and described in Section 7.2(ii) hereof), five million (5,000,000) Preferred Shares (as defined in Section 7.3 hereof) and forty-five million (45,000,000) Shares-in-Trust (as defined in Section 7.8 hereof). All shares of capital stock shall be fully paid and nonassessable when issued. Shares may be issued for such consideration as the Directors determine or, if issued as a result of a share dividend or share split, without any consideration. If shares of one class of stock are classified or reclassified into shares of another class of stock pursuant to Sections 7.2(ii), or 7.3 of this Article VII, the number of authorized shares of the former class shall be automatically decreased and the number of shares of the latter class shall be automatically increased, in each case by the number of shares so classified or reclassified, so that the aggregate number of shares of stock of all classes that the Company has authority to issue shall not be more than the total number of shares of stock set forth in the second sentence of this Section 7.1.

SECTION 7.2 COMMON SHARES.

(i) COMMON SHARES SUBJECT TO TERMS OF PREFERRED SHARES. The Common Shares shall be subject to the express terms of any series of Preferred Shares.

(ii) DESCRIPTION. Common Shares (herein so called) shall have a par value of \$.01 per share and shall entitle the holders to one (1) vote per share on all matters upon which Stockholders are entitled to vote pursuant to Section 8.2 hereof, and shares of a particular class of issued Common Shares shall have equal dividend, distribution, liquidation and other rights, and shall have no preference, cumulative, preemptive, conversion or exchange rights. The Directors may classify or reclassify any unissued Common Shares by setting or changing the number, designation, preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications or terms or conditions of redemption of any such Common Shares and, in such event, the Company shall file for record with the State Department of Assessments and Taxation of the State of Maryland articles supplementary in

substance and form as prescribed by Title 2 of the MGCL.

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(iii) DISTRIBUTION RIGHTS. The holders of Common Shares shall be entitled to receive such Distributions as may be authorized by the Board of Directors of the Company out of funds legally available therefor.

(iv) DIVIDEND OR DISTRIBUTION RIGHTS. The Directors from time to time may authorize and the Company may pay to Stockholders such dividends or Distributions in cash or other property as the Directors in their discretion shall determine. The Directors shall endeavor to authorize and the Company may pay such dividends and Distributions as shall be necessary for the Company to qualify as a real estate investment trust under the REIT Provisions of the Code; provided, however, Stockholders shall have no right to any dividend or Distribution unless and until declared by the Directors. The exercise of the powers and rights of the Directors pursuant to this section shall be subject to the provisions of any class or series of Equity Shares at the time outstanding. The receipt by any Person in whose name any Equity Shares are registered on the records of the Company or by his duly authorized agent shall be a sufficient discharge for all dividends or Distributions payable or deliverable in respect of such Equity Shares and from all liability to see to the application thereof. Distributions in kind shall not be permitted, except for distributions of readily marketable securities and distributions of beneficial interests in a liquidating trust established for the dissolution of the Company and the liquidation of its assets in accordance with the terms of these Articles of Incorporation.

(v) RIGHTS UPON LIQUIDATION. In the event of any voluntary or involuntary liquidation, dissolution or winding up, or any distribution of the assets of the Company, the aggregate assets available for distribution to holders of the Common Shares (including holders of Shares-in-Trust resulting from the exchange of Common Shares pursuant to Section 7.7(iii) hereof) shall be determined in accordance with applicable law. Except as provided below as a consequence of the limitations on distributions to holders of Shares-in-Trust, each holder of Common Shares shall be entitled to receive, ratably with (i) each other holder of Common Shares and (ii) each holder of Shares-in-Trust resulting from the exchange of Common Shares, that portion of such aggregate assets available for distribution as the number of the outstanding Common Shares held by such holder bears to the total number of outstanding Common Shares and Shares-in-Trust resulting from the exchange of Common Shares then outstanding. Anything herein to the contrary notwithstanding, in no event shall the amount payable to a holder of Shares-in-Trust exceed (i) the price per share such holder paid for the Common Shares in the purported Transfer or Acquisition (as those terms are defined in Section 7.7(i)) or change in capital structure or other transaction or event that resulted in the Shares-in-Trust or (ii) if the holder did not give full value for such Shares-in-Trust (as through a gift, a devise or other event or transaction), a price per share equal to the Market Price (as that term is defined in Section 7.7(i)) for the Common Shares on the date of the purported Transfer, Acquisition, change in capital structure or other transaction or event that resulted in such Shares-in-Trust. Any amount available for distribution in excess of the foregoing limitations shall be paid ratably to the holders of Common Shares and other holders of Shares-in-Trust resulting from the exchange of Common Shares to the extent permitted by the foregoing limitations.

(vi) VOTING RIGHTS. Except as may be provided otherwise in these Articles of Incorporation, and subject to the express terms of any series of Preferred Shares, the holders of the Common Shares shall have the exclusive right to vote on all matters (as to which a

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common Stockholder shall be entitled to vote pursuant to applicable law) at all meetings of the Stockholders of the Company, and shall be entitled to one (1) vote for each Common Share entitled to vote at such meeting.

SECTION 7.3 PREFERRED SHARES. The Directors are hereby expressly granted the authority to authorize from time to time the issuance of one or more series of Preferred Shares. Prior to the issuance of each such class or series, the Board of Directors, by resolution, shall fix the number of shares to be included in each series, and the designation, preferences, terms, rights, restrictions, limitations and qualifications and terms and conditions of redemption of the shares of each class or series. The authority of the Board of Directors with respect to each series shall include, but not be limited to, determination of the following:

(i) The designation of the series, which may be by distinguishing number, letter or title.

(ii) The dividend rate on the shares of the series, if any, whether any dividends shall be cumulative and, if so, from which date or dates, and the relative rights of priority, if any, of payment of dividends on shares of the series.

(iii) The redemption rights, including conditions and the price or prices, if any, for shares of the series.

(iv) The terms and amounts of any sinking fund for the purchase or redemption of shares of the series.

(v) The rights of the shares of the series in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Company, and the relative rights of priority, if any, of payment of shares of the series.

(vi) Whether the shares of the series shall be convertible into shares of any other class or series, or any other security, of the Company or any other corporation or other entity, and, if so, the specification of such other class or series of such other security, the conversion price or prices or rate or rates, any adjustments thereof, the date or dates on which such shares shall be convertible and all other terms and conditions upon which such conversion may be made.

(vii) Restrictions on the issuance of shares of the same series or of any other class or series.

(viii) The voting rights of the holders of shares of the series subject to the limitations contained in this Section 7.3; provided, however, that the voting rights of the holders of shares of any series of Preferred Shares shall not exceed the voting rights of the holders of Common Shares.

(ix) Any other relative rights, preferences and limitations on that series. Subject to the express provisions of any other series of Preferred Shares then outstanding. Notwithstanding any other provision of these Articles of Incorporation, the Board of Directors

may increase or decrease (but not below the number of shares of such series then outstanding) the number of shares, or alter the designation or classify or reclassify any unissued shares of a particular series of Preferred Shares, by fixing or altering, in one or more respects, from time to time before issuing the shares, the terms, rights, restrictions and qualifications of the shares of any such series of Preferred Shares.

SECTION 7.4 GENERAL NATURE OF SHARES. All Shares shall be personal property entitling the Stockholders only to those rights provided in these Articles of Incorporation, the MGCL or in the resolution creating any class or series of Shares. The legal ownership of the Company Property and the right to conduct the business of the Company are vested exclusively in the Directors; the Stockholders shall have no interest therein other than the beneficial interest in the Company conferred by their Shares and shall have no right to compel any

partition, division, dividend or Distribution of the Company or any of the Company Property. The death of a Stockholder shall not terminate the Company or give his legal representative any rights against other Stockholders, the Directors or the Company Property, except the right, exercised in accordance with applicable provisions of the Bylaws, to require the Company to reflect on its books the change in ownership of the Shares. Holders of Shares shall not have any preemptive or other right to purchase or subscribe for any class of securities of the Company which the Company may at any time issue or sell.

SECTION 7.5 NO ISSUANCE OF SHARE CERTIFICATES. Until Listing, the Company shall not issue share certificates except to Stockholders who make a written request to the Company. A Stockholder's investment shall be recorded on the books of the Company. To transfer his or her Shares a Stockholder shall submit an executed form to the Company, which form shall be provided by the Company upon request. Such transfer will also be recorded on the books of the Company. Upon issuance or transfer of Shares, the Company will provide the Stockholder with information concerning his or her rights with regard to such stock, in a form substantially similar to Section 7.7(xii), and as required by the Bylaws and the MGCL or other applicable law.

SECTION 7.6 SUITABILITY OF STOCKHOLDERS

(i) INVESTOR SUITABILITY STANDARDS. Subject to suitability standards established by individual states, to become a Stockholder in the Company, if such prospective Stockholder is an individual (including an individual beneficiary of a purchasing Individual Retirement Account), or if the prospective Stockholder is a fiduciary (such as a trustee of a trust or corporate pension or profit sharing plan, or other tax-exempt organization, or a custodian under a Uniform Gifts to Minors Act), such individual or fiduciary, as the case may be, must represent to the Company, among other requirements as the Company may require from time to time:

(a) that such individual (or, in the case of a fiduciary, that the fiduciary account or the donor who directly or indirectly supplies the funds to purchase the Shares) has a minimum annual gross income of \$45,000 and a net worth (excluding home, furnishings and automobiles) of not less than \$45,000; or

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(b) that such individual (or, in the case of a fiduciary, that the fiduciary account or the donor who directly or indirectly supplies the funds to purchase the Shares) has a net worth (excluding home, furnishings and automobiles) of not less than \$150,000.

(ii) DETERMINATION OF SUITABILITY OF SALE. The Sponsor and each Person selling Shares on behalf of the Sponsor or the Company shall make every reasonable effort to determine that the purchase of Shares is a suitable and appropriate investment for each Stockholder. In making this determination, the Sponsor or each Person selling Shares on behalf of the Sponsor or the Company shall ascertain that the prospective Stockholder: (1) meets the minimum income and net worth standards established for the Company; (m) can reasonably benefit from the Company based on the prospective Stockholder's overall investment objectives and portfolio structure; (n) is able to bear the economic risk of the investment based on the prospective Stockholder's overall financial situation; and (o) has apparent understanding of: (1) the fundamental risks of the investment; (2) the risk that the Stockholder may lose the entire investment; (3) the lack of liquidity of Company Shares; (4) the restrictions on transferability of Company Shares; (16) the background and qualifications of the Sponsor or the Advisor; and (17) the tax consequences of the investment.

The Sponsor or each Person selling shares on behalf of the Sponsor or the Company shall make this determination on the basis of information it has obtained from a prospective Stockholder. Relevant information for this purpose will include at least the age, investment objectives, investment experiences, income, net worth, financial situation, and other investments of the prospective Stockholder, as well as any other pertinent factors.

The Sponsor or each Person selling Shares on behalf of the Sponsor or the Company shall maintain records of the information used to determine that an investment in Shares is suitable and appropriate for a Stockholder. The Sponsor or each Person selling Shares on behalf of the Sponsor or the Company shall maintain these records for at least six years.

(iii) MINIMUM INVESTMENT. Subject to certain individual state requirements, no sale or transfer of Shares will be permitted of less than 100 Shares (\$1,000), and a Stockholder shall not transfer, fractionalize or subdivide such Shares so as to retain less than such minimum number thereof.

SECTION 7.7 RESTRICTIONS ON OWNERSHIP AND TRANSFER.

(i) DEFINITIONS. For purposes of Sections 7.7 and 7.8, the following terms shall have the following meanings:

"ACQUIRE" means the acquisition of Beneficial or Constructive Ownership of Equity Shares by any means, including, without limitation, the exercise of any rights under any option, warrant, convertible security, pledge or other security interest or similar right to acquire Shares, but shall not include the acquisition of any such rights unless, as a result, the acquirer would be considered a Beneficial Owner or Constructive Owner. The terms "Acquires" and "Acquisition" shall have correlative meanings.

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"BENEFICIAL OWNERSHIP" means ownership of Shares by an individual who would be treated as an owner of such Shares under Section 542(a)(2) of the Code, either directly or constructively through the application of Section 544 of the Code, as modified by Section 856(h)(1)(B) of the Code. For purposes of this definition, the term "individual" shall include any organization, trust, or other entity that is treated as an individual for purposes of Section 542(a)(2) of the Code. The terms "Beneficial Owner," "Beneficially Owns" and "Beneficially Owned" shall have correlative meanings.

"BENEFICIARY" means a beneficiary of the Trust as determined pursuant to Section 7.8(v)(a) hereof.

"COMMON SHARE OWNERSHIP LIMIT" means, with respect to the Common Shares, nine point eight percent (9.8%) of the outstanding Common Shares, subject to adjustment pursuant to Section 7.7(x) (but not more than nine point nine percent (9.9%) of the outstanding Common Shares, as so adjusted) and to any other limitations contained in this Section 7.7.

"CONSTRUCTIVE OWNERSHIP" means ownership of Equity Shares by a person who would be treated as an owner of such shares, either actually or constructively, directly or indirectly, through the application of Section 318 of the Code, as modified by Section 856(d)(5) thereof. The terms "Constructive Owner," "Constructively Owns" and "Constructively Owned" shall have correlative meanings.

"MARKET PRICE" means, on any date, the average of the Closing Price for the five consecutive Trading Days ending on such date. The "Closing Price" on any date shall mean the last sale price, regular way, or, in case no such sale takes place on such day, the average of the closing bid and asked prices, regular way, in either case as reported in the principal consolidated transaction reporting system with respect to securities listed or admitted to trading on the NYSE or, if the Equity Shares are not listed or admitted to trading on the NYSE, as reported in the principal consolidated transaction reporting system with respect to securities listed on the principal national securities exchange on which the Equity Shares are listed or admitted to trading or, if the Equity Shares are not listed or admitted to trading on any national securities exchange, the last quoted price, or if not so quoted, the average of the high bid and low asked prices in the over-the-counter market, as reported by the National Association of Securities Dealers, Inc. Automated Quotation System or, if such system is no longer in use, the principal other automated quotations system that may then be

in use or, if the Equity Shares are not quoted by any such organization, the average of the closing bid and asked prices as furnished by a professional market maker making a market in the Equity Shares selected by the Board of Directors, or, if no such market maker exists, as determined in good faith by the Board of Directors.

"OWNERSHIP LIMIT" means the Common Share Ownership Limit or the Preferred Share Ownership Limit, or both, as the context may require.

"PREFERRED SHARE OWNERSHIP LIMIT" means, with respect to the Preferred Shares, nine point eight percent (9.8%) of the outstanding Shares of a particular series of Preferred Shares of the Company, subject to adjustment pursuant to Section 7.7(x) (but not more

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than nine point nine percent (9.9%) of the outstanding Preferred Shares, as so adjusted) and to any other limitations contained in this Section 7.7.

"PURPORTED BENEFICIAL HOLDER" means, with respect to any purported Transfer or Acquisition which results in Shares-in-Trust, the Person for whom the applicable Purported Record Holder held the Equity Shares that were, pursuant to paragraph (iii) of this Section 7.7, automatically exchanged for Shares-in-Trust upon the occurrence of such event or transaction. The Purported Beneficial Holder and the Purported Record Holder may be the same Person.

"PURPORTED BENEFICIAL TRANSFEREE" means, with respect to any purported Transfer or Acquisition which results in Shares-in-Trust, the purported beneficial transferee for whom the Purported Record Transferee would have acquired Equity Shares if such Transfer or Acquisition which results in Shares-in-Trust had been valid under Section 7.7(ii). The Purported Beneficial Transferee and the Purported Record Transferee may be the same Person.

"PURPORTED RECORD HOLDER" means, with respect to any purported Transfer or Acquisition which results in Shares-in-Trust, the record holder of the Equity Shares that were, pursuant to Section 7.7(iii), automatically exchanged for Shares-in-Trust upon the occurrence of such an event or transaction. The Purported Record Holder and the Purported Beneficial Holder may be the same Person.

"PURPORTED RECORD TRANSFEREE" means, with respect to any purported Transfer or Acquisition which results in Shares-in-Trust, the record holder of the Equity Shares if such Transfer or Acquisition which results in Shares-in-Trust had been valid under Section 7.7(ii). The Purported Record Transferee and the Purported Beneficial Transferee may be the same Person.

"RESTRICTION TERMINATION DATE" means the first day after the date of the closing of the Initial Public Offering on which the Board of Directors of the Company determines, pursuant to Section 3.2(xix) hereof, that it is no longer in the best interests of the Company to attempt or continue to qualify as a REIT.

"SHARES-IN-TRUST" means those share for which Equity Shares are automatically exchanged as a result of a purported Transfer, Acquisition, change in the capital structure of the Company, other purported change in the Beneficial or Constructive Ownership of Equity Shares or other event or transaction as described in Section 7.7(iii).

"TRADING DAY" means a day on which the principal national securities exchange on which the affected class or series of Equity Shares are listed or admitted to trading is open for the transaction of business or, if the affected class or series of Equity Shares are not listed or admitted to trading, shall mean any day other than a Saturday, Sunday or other day on which banking institutions in the State of New York are authorized or obligated by law or executive order to close.

"TRANSFER" means any sale, transfer, gift, hypothecation, assignment, devise or other disposition of a direct or indirect interest in Equity Shares or

the right to vote or receive

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dividends on Equity Shares, including (i) the granting of any option (including any option to acquire an option or any series of such options) or entering into any agreement for the sale, transfer or other disposition of Equity Shares or the right to vote or receive dividends on Equity Shares or (ii) the sale, transfer, assignment or other disposition of any securities or rights convertible into or exchangeable for Equity Shares, whether voluntary or involuntary, of record, constructively or beneficially, and whether by operation of law or otherwise. The terms "Transfers," "Transferred" and "Transferable" shall have correlative meanings.

"TRUST" means the trust created pursuant to Section 7.8(i) hereof.

"TRUSTEE" means the trustee of the Trust, as appointed by the Company, which Trustee shall not be an Affiliate of the Company.

(ii) OWNERSHIP AND TRANSFER LIMITATIONS.

(a) Notwithstanding any other provision of these Articles of Incorporation, except as provided in Section 7.7(ix) and Section 7.9, from the date of the Initial Public Offering and prior to the Restriction Termination Date, no Person shall Beneficially or Constructively Own Equity Shares in excess of the Common or Preferred Share Ownership Limits.

(b) Notwithstanding any other provision of these Articles of Incorporation, except as provided in Section 7.7(ix) and Section 7.9, from the date of the Initial Public Offering and prior to the Restriction Termination Date, any Transfer, Acquisition, change in the capital structure of the Company, other purported change in Beneficial or Constructive Ownership of Equity Shares or other event or transaction that, if effective, would result in any Person Beneficially or Constructively Owning Equity Shares in excess of the Common or Preferred Share Ownership Limits shall be void AB INITIO as to the Transfer, Acquisition, change in the capital structure of the Company, other purported change in Beneficial or Constructive Ownership or other event or transaction with respect to that number of Equity Shares which would otherwise be Beneficially or Constructively Owned by such Person in excess of the Common or Preferred Share Ownership Limits, and none of the Purported Beneficial Transferee, the Purported Record Transferee, the Purported Beneficial Holder or the Purported Record Holder shall acquire any rights in that number of Equity Shares.

(c) Notwithstanding any other provision of these Articles of Incorporation, and except as provided in Section 7.9, from the date of the Initial Public Offering and prior to the Restriction Termination Date, any Transfer, Acquisition, change in the capital structure of the Company, or other purported change in Beneficial or Constructive Ownership (including actual ownership) of Equity Shares or other event or transaction that, if effective, would result in the Equity Shares being actually owned by fewer than 100 Persons (determined without reference to any rules of attribution) shall be void AB INITIO as to the Transfer, Acquisition, change in the capital structure of the Company, other purported change in Beneficial or Constructive Ownership (including actual ownership) with respect to that number of Equity Shares which otherwise would be owned by the transferee, and the intended transferee or

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subsequent owner (including a Beneficial Owner or Constructive Owner) shall acquire no rights in that number of Equity Shares.

(d) Notwithstanding any other provision of these Articles of Incorporation, except as provided in Section 7.9, from the date of the Initial Public Offering and prior to the Restriction Termination Date, any Transfer, Acquisition, change in the capital structure of the Company, other purported

change in Beneficial or Constructive Ownership of Equity Shares or other event or transaction that, if effective, would cause the Company to fail to qualify as a REIT by reason of being "closely held" within the meaning of Section 856(h) of the Code or otherwise, directly or indirectly, would cause the Company to fail to qualify as a REIT shall be void AB INITIO as to the Transfer, Acquisition, change in the capital structure of the Company, other purported change in Beneficial or Constructive Ownership or other event or transaction with respect to that number of Equity Shares which would cause the Company to be "closely held" within the meaning of Section 856(h) of the Code or otherwise, directly or indirectly, would cause the Company to fail to qualify as a REIT, and none of the Purported Beneficial Transferee, the Purported Record Transferee, the Purported Beneficial Holder or the Purported Record Holder shall acquire any rights in that number of Equity Shares.

(e) Notwithstanding any other provision of these Articles of Incorporation, except as provided in Section 7.9, from the date of the Initial Public Offering and prior to the Restriction Termination Date, any Transfer, Acquisition, change in capital structure of the Company, or other purported change in Beneficial or Constructive Ownership of Equity Shares or other event or transaction that, if effective, would (i) cause the Company to own (directly or Constructively) an interest in a tenant or the Operating Partnership's real property that is described in Section 856(d)(2)(B) of the Code and (ii) cause the Company to fail to satisfy any of the gross income requirements of section 856(c) of the Code, shall be void AB INITIO as to the Transfer, Acquisition, change in capital structure of the Company, other purported change in Beneficial or Constructive Ownership or other event or transaction with respect to that number of Equity Shares which would cause the Company to own an interest (directly or Constructively) in a tenant or the Operating Partnership's real property that is described in Section 856(d)(2)(B) of the Code, and none of the Purported Beneficial Transferee, the Purported Record Transferee, the Purported Beneficial Holder or the Purported Record Holder shall acquire any rights in that number of Equity Shares.

(iii) EXCHANGE FOR SHARES-IN-TRUST.

(a) If, notwithstanding the other provisions contained in this Article VII, at any time from the date of the Initial Public Offering and prior to the Restriction Termination Date, there is a purported Transfer, Acquisition, change in the capital structure of the Company, other purported change in the Beneficial or Constructive Ownership of Equity Shares or other event or transaction such that any Person would either Beneficially or Constructively Own Equity Shares in excess of the Common or Preferred Share Ownership Limit, then, except as otherwise provided in Section 7.7(ix), such Equity Shares (rounded up to the next whole number of shares) in excess of the Common or Preferred Share Ownership Limit automatically shall be exchanged for an equal number of Shares-in-Trust having terms, rights, restrictions and qualifications identical thereto, except to the extent that this Article VII requires

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different terms. Such exchange shall be effective as of the close of business on the business day next preceding the date of the purported Transfer, Acquisition, change in capital structure, other change in purported Beneficial or Constructive Ownership of Shares, or other event or transaction.

(b) If, notwithstanding the other provisions contained in this Article VII, at any time after the date of the Initial Public Offering and prior to the Restriction Termination Date, there is a purported Transfer, Acquisition, change in the capital structure of the Company, other purported change in the Beneficial or Constructive Ownership of Equity Shares or other event or transaction which, if effective, would result in a violation of any of the restrictions described in subparagraphs (b), (c), (d) and (e) of paragraph (ii) of this Section 7.7, or otherwise, directly or indirectly, would cause the Company to fail to qualify as a REIT, then the Shares (rounded up to the next whole number of Shares) being Transferred or which are otherwise affected by the change in capital structure or other purported change in Beneficial or Constructive Ownership and which, in any case, would result in a violation of

any of the restrictions described in subparagraphs (b), (c), (d) and (e) of paragraph (ii) of this Section 7.7 or otherwise would cause the Company to fail to qualify as a REIT automatically shall be exchanged for an equal number of Shares-in-Trust having terms, rights, restrictions and qualifications identical thereto, except to the extent that this Article VII requires different terms. Such exchange shall be effective as of the close of business on the business day prior to the date of the purported Transfer, Acquisition, change in capital structure, other purported change in Beneficial or Constructive Ownership or other event or transaction.

(iv) REMEDIES FOR BREACH. If the Board of Directors or its designee shall at any time determine in good faith that a Transfer, Acquisition, change in the capital structure of the Company or other purported change in Beneficial or Constructive Ownership or other event or transaction has taken place in violation of Section 7.7(ii) or that a Person intends to Acquire or has attempted to Acquire Beneficial or Constructive Ownership of any Equity Shares in violation of this Section 7.7, the Board of Directors or its designee shall take such action as it deems advisable to refuse to give effect to or to prevent such Transfer, Acquisition, change in the capital structure of the Company, other attempt to Acquire Beneficial or Constructive Ownership of any Shares or other event or transaction, including, but not limited to, refusing to give effect thereto on the books of the Company or instituting injunctive proceedings with respect thereto; provided, however, that any Transfer, Acquisition, change in the capital structure of the Company, attempted Transfer or other attempt to Acquire Beneficial or Constructive Ownership of any Equity Shares or other event or transaction in violation of subparagraphs (b), (c), (d) and (e) of Section 7.7(ii) (as applicable) shall be void AB INITIO and where applicable automatically shall result in the exchange described in Section 7.7(iii), irrespective of any action (or inaction) by the Board of Directors or its designee.

(v) NOTICE OF RESTRICTED TRANSFER. Any Person who acquires or attempts to Acquire Beneficial or Constructive Ownership of Equity Shares in violation of Section 7.7(ii) and any Person who Beneficially or Constructively Owns Shares-in-Trust as a transferee of Equity Shares resulting in an exchange for Shares-in-Trust, pursuant to Section 7.7(iii), or otherwise shall immediately give written notice to the Company, or, in the event of a proposed or attempted Transfer, Acquisition, or purported change in Beneficial or Constructive

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Ownership, shall give at least fifteen (15) days prior written notice to the Company, of such event and shall promptly provide to the Company such other information as the Company, in its sole discretion, may request in order to determine the effect, if any, of such Transfer, attempted Transfer, Acquisition, Attempted Acquisition or purported change in Beneficial or Constructive Ownership on the Company's status as a REIT.

(vi) OWNERS REQUIRED TO PROVIDE INFORMATION. From the date of the Initial Public Offering and prior to the Restriction Termination Date:

(a) Every Beneficial or Constructive Owner of more than five percent (5%), or such lower percentages as determined pursuant to regulations under the Code or as may be requested by the Board of Directors, in its sole discretion, of the outstanding shares of any class or series of Equity Shares of the Company shall annually, no later than January 31 of each calendar year, give written notice to the Company stating (i) the name and address of such Beneficial or Constructive Owner; (ii) the number of shares of each class or series of Equity Shares Beneficially or Constructively Owned; and (iii) a description of how such shares are held. Each such Beneficial or Constructive Owner promptly shall provide to the Company such additional information as the Company, in its sole discretion, may request in order to determine the effect, if any, of such Beneficial or Constructive Ownership on the Company's status as a REIT and to ensure compliance with the Common or Preferred Share Ownership Limit and other restrictions set forth herein.

(b) Each Person who is a Beneficial or Constructive Owner of Equity

Shares and each Person (including the Stockholder of record) who is holding Equity Shares for a Beneficial or Constructive Owner promptly shall provide to the Company such information as the Company, in its sole discretion, may request in order to determine the Company's status as a REIT, to comply with the requirements of any taxing authority or other governmental agency, to determine any such compliance or to ensure compliance with the Common or Preferred Share Ownership Limits and other restrictions set forth herein.

(vii) REMEDIES NOT LIMITED. Nothing contained in this Article VII except Section 7.9 shall limit the scope or application of the provisions of this Section 7.7, the ability of the Company to implement or enforce compliance with the terms thereof or the authority of the Board of Directors to take any such other action or actions as it may deem necessary or advisable to protect the Company and the interests of its Stockholders by preservation of the Company's status as a REIT and to ensure compliance with the Ownership Limit for any class or series of Equity Shares and other restrictions set forth herein, including, without limitation, refusal to give effect to a transaction on the books of the Company.

(viii) AMBIGUITY. In the case of an ambiguity in the application of any of the provisions of this Section 7.7, including any definition contained in Sections 1.5 and 7.7(i), the Board of Directors shall have the power and authority, in its sole discretion, to determine the application of the provisions of this Section 7.7 with respect to any situation based on the facts known to it.

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(ix) EXCEPTION. The Board of Directors, upon receipt of a ruling from the Internal Revenue Service, an opinion of counsel or other evidence satisfactory to the Board of Directors, in its sole discretion, in each case to the effect that the restrictions contained in subparagraphs (c), (d) and (e) of Section 7.7(ii) will not be violated, may waive or change, in whole or in part, the application of the Common or Preferred Share Ownership Limits with respect to any Person that is not an individual, as such term is defined in Section 542(a)(2) of the Code. In connection with any such waiver or change, the Board of Directors may require such representations and undertakings from such Person or affiliates and may impose such other conditions as the Board deems necessary, advisable or prudent, in its sole discretion, to determine the effect, if any, of the proposed transaction or ownership of Equity Shares on the Company's status as a REIT.

(x) INCREASE IN COMMON OR PREFERRED SHARE OWNERSHIP LIMIT. Subject to the limitations contained in Section 7.7(xi), the Board of Directors may from time to time increase the Common or Preferred Share Ownership Limits.

(xi) LIMITATIONS ON MODIFICATIONS.

(a) The Ownership Limit for a class or series of Equity Shares may not be increased and no additional ownership limitations may be created if, after giving effect to such increase or creation, the Company would be "closely held" within the meaning of Section 856(h) of the Code (assuming ownership of shares of Equity Shares by all Persons equal to the greatest of (A) the actual ownership, (B) the Beneficial Ownership of Equity Shares by each Person, or (C) the applicable Ownership Limit with respect to such Person).

(b) Prior to any modification of the Ownership Limit with respect to any Person, the Board of Directors may require such opinions of counsel, affidavits, undertakings or agreements as it may deem necessary, advisable or prudent, in its sole discretion, in order to determine or ensure the Company's status as a REIT.

(c) Neither the Preferred Share Ownership Limit nor the Common Share Ownership Limit may be increased to a percentage that is greater than nine point nine percent (9.9%).

(xii) NOTICE TO STOCKHOLDERS UPON ISSUANCE OR TRANSFER. Upon

issuance or transfer of Shares, the Company shall provide the recipient with a notice containing information about the shares purchased or otherwise transferred, in lieu of issuance of a share certificate, in a form substantially similar to the following:

"The securities issued or transferred are subject to restrictions on transfer and ownership for the purpose of maintenance of the Company's status as a real estate investment trust (a "REIT") under Sections 856 through 860 of the Internal Revenue Code of 1986, as amended (the "Code"). Except as otherwise provided pursuant to the Articles of Incorporation of the Company, no Person may (i) Beneficially or Constructively Own Common Shares of the Company in excess of 9.8% (or such greater percent as may be determined by the Board of Directors of

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the Company) of the outstanding Common Shares; (ii) Beneficially or Constructively Own shares of any series of Preferred Shares of the Company in excess of 9.8% (or such greater percent as may be determined by the Board of Directors of the Company) of the outstanding shares of such series of Preferred Shares; or (iii) Beneficially or Constructively Own Common Shares or Preferred Shares (of any class or series) which would result in the Company being "closely held" under Section 856(h) of the Code or which otherwise would cause the Company to fail to qualify as a REIT. Any Person who has Beneficial or Constructive Ownership, or who Acquires or attempts to Acquire Beneficial or Constructive Ownership of Common Shares and/or Preferred Shares in excess of the above limitations and any Person who Beneficially or Constructively Owns Shares-in-Trust as a transferee of Common or Preferred Shares resulting in an exchange for Shares-in-Trust (as described below) immediately must notify the Company in writing or, in the event of a proposed or attempted Transfer or Acquisition or purported change in Beneficial or Constructive Ownership, must give written notice to the Company at least 15 days prior to the proposed or attempted transfer, transaction or other event. Any Transfer or Acquisition of Common Shares and/or Preferred Shares or other event which results in violation of the ownership or transfer limitations set forth in the Company's Articles of Incorporation shall be void AB INITIO and the Purported Beneficial and Record Transferee shall not have or acquire any rights in such Common Shares and/or Preferred Shares. If the transfer and ownership limitations referred to herein are violated, the Common Shares or Preferred Shares represented hereby automatically will be exchanged for Shares-in-Trust to the extent of violation of such limitations, and such Shares-in-Trust will be held in trust by a trustee appointed by the Company, all as provided by the Articles of Incorporation of the Company. All defined terms used in this legend have the meanings identified in the Company's Articles of Incorporation, as the same may be amended from time to time, a copy of which, including the restrictions on transfer, will be sent without charge to each Stockholder who so requests."

SECTION 7.8 SHARES-IN-TRUST.

(i) OWNERSHIP IN TRUST. Upon any purported Transfer, Acquisition, change in the capital structure of the Company, other purported change in Beneficial or Constructive Ownership or event or transaction that results in Shares-in-Trust pursuant to Section 7.7(iii), such Shares-in-Trust shall be deemed to have been transferred to the Trust for the benefit of such Beneficiary or Beneficiaries to whom an interest in such Shares-in-Trust may later be transferred pursuant to Section 7.8(v). Shares-in-Trust so held in trust shall be issued and outstanding stock of the Company. The Purported Record Transferee (or Purported Record Holder) shall have no rights in such Shares-in-Trust. The Purported Beneficial Transferee or Purported Record Transferee shall have no rights in such Shares-in-Trust except as provided in Section 7.8(iii).

(ii) DISTRIBUTION RIGHTS. Shares-in-Trust shall be entitled to the

same rights and privileges as all other shares of the same class or series. The Trustee will receive all

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Distributions and dividends on the Shares-in-Trust and will hold such dividends or distributions in trust for the benefit of the Beneficiary. Any dividend or Distribution with a record date on or after the date that Equity Shares have been exchanged for Shares-in-Trust which were paid on such Equity Shares shall be repaid to the Trustee upon demand, and any such dividend or Distribution declared on such Equity Shares but unpaid shall be paid to the Trustee to hold in trust for the benefit of the Beneficiary.

(iii) RIGHTS UPON LIQUIDATION.

(a) Except as provided below, in the event of any voluntary or involuntary liquidation, dissolution or winding up, or any other distribution of the assets, of the Company, each holder of Shares-in-Trust resulting from the exchange of Preferred Shares of any specified series shall be entitled to receive, ratably with each other holder of Shares-in-Trust resulting from the exchange of Preferred Shares of such series and each holder of Preferred Shares of such series, such accrued and unpaid dividends, liquidation preferences and other preferential payments, if any, as are due to holders of Preferred Shares of such series. In the event that holders of shares of any series of Preferred Shares are entitled to participate in the Company's distribution of its residual assets, each holder of Shares-in-Trust resulting from the exchange of Preferred Shares of any such series shall be entitled to participate, ratably with (A) each other holder of Shares-in-Trust resulting from the exchange of Preferred Shares of all series entitled to so participate; (B) each holder of Preferred Shares of all series entitled to so participate; and (C) each holder of Common Shares and Shares-in-Trust resulting from the exchange of Common Shares (to the extent permitted by Section 7.7(iii) hereof), that portion of the aggregate assets available for distribution (determined in accordance with applicable law) as the number of shares of such Shares-in-Trust held by such holder bears to the total number of (1) outstanding Shares-in-Trust resulting from the exchange of Preferred Shares of all series entitled to so participate; (2) outstanding Preferred Shares of all series entitled to so participate; and (3) outstanding Common Shares and Shares-in-Trust resulting from the exchange of Common Shares. The Trustee shall distribute ratably to the Beneficiaries of the Trust, when determined, any such assets received in respect of the Shares-in-Trust in any liquidation, dissolution or winding up, or any distribution of the assets, of the Company. Anything to the contrary herein notwithstanding, in no event shall the amount payable to a holder with respect to Shares-in-Trust resulting from the exchange of Preferred Shares exceed (A) the price per share such holder paid for the Preferred Shares in the purported Transfer, Acquisition, change in capital structure or other transaction or event that resulted in the Shares-in-Trust or (B) if the holder did not give full value for such Shares-in-Trust (as through a gift, devise or other event or transaction), a price per share equal to the Market Price for the shares of Preferred Shares on the date of the purported Transfer, Acquisition, change in capital structure or other transaction or event that resulted in such Shares-in-Trust. Any amount available for distribution in excess of the foregoing limitations shall be paid ratably to the holders of Preferred Shares and Shares-in-Trust resulting from the exchange of Preferred Shares to the extent permitted by the foregoing limitations.

(b) Except as provided below, in the event of any voluntary or involuntary liquidation, dissolution or winding up, or any other distribution of the assets, of the Company, each holder of Shares-in-Trust resulting from the exchange of Common Shares shall be entitled to receive, ratably with (A) each other holder of such Shares-in-Trust and (B) each

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holder of Common Shares, that portion of the aggregate assets available for distribution to holders of Common Shares (including holders of Shares-in-Trust resulting from the exchange of Common Shares pursuant to Section 7.7(iii)),

determined in accordance with applicable law, as the number of such Shares-in-Trust held by such holder bears to the total number of outstanding Common Shares and outstanding Shares-in-Trust resulting from the exchange of Common Shares then outstanding. The Trustee shall distribute ratably to the Beneficiaries of the Shares-in-Trust, when determined, any such assets received in respect of the Shares-in-Trust in any liquidation, dissolution or winding up, or any distribution of the assets, of the Company. Anything herein to the contrary notwithstanding, in no event shall the amount payable to a holder with respect to Shares-in-Trust exceed (A) the price per share such holder paid for the Equity Shares in the purported Transfer, Acquisition, change in capital structure or other transaction or event that resulted in the Shares-in-Trust or (B) if the holder did not give full value for such Equity Shares (as through a gift, devise or other event or transaction), a price per share equal to the Market Price for the Equity Shares on the date of the purported Transfer, Acquisition, change in capital structure or other transaction or event that resulted in such Shares-in-Trust. Any amount available for distribution in excess of the foregoing limitations shall be paid ratably to the holders of Common Shares and Shares-in-Trust resulting from the exchange of Common Shares to the extent permitted by the foregoing limitations.

(iv) VOTING RIGHTS. The Trustee shall be entitled to vote the Shares-in-Trust on any matters on which holders of Shares are entitled to vote (except as required otherwise by the MGCL).

(v) RESTRICTIONS ON TRANSFER; DESIGNATION OF BENEFICIARY; SALES OF SHARES-IN-TRUST

(a) Except as described in this Section 7.8(v), Shares-in-Trust shall not be transferable. The Beneficiary shall be one or more charitable organizations named by the Company. However, the for purposes of sales by the Trustee as set forth herein, Trustee shall designate a permitted transferee of the Shares-in-Trust, provided that the transferee (i) purchases such Shares-in-Trust for valuable consideration and (ii) acquires such Shares-in-Trust without such acquisition resulting in another automatic exchange of Equity Shares into Shares-in-Trust. Within 20 days after receiving notice from the Company that Common Shares or other shares have been transferred to the Trust as Shares-in-Trust, the Company shall, at its sole option (the "Option") (i) repurchase such Shares-in-Trust from the Purported Record Transferee or Purported Record Holder (a "Redemption"), or (ii) cause the Trustee to sell the Shares-in-Trust on behalf of the such person to a third party (a "Sale").

(b) In the event of a Redemption or Sale, the Purported Record Transferee or Purported Record Holder shall receive a per share price equal to the lesser of (i) the price per share in the transaction that created such Shares-in-Trust (or, in the case of a gift or devise, the Market Price per share on the date of such transfer) or (ii) the Market Price per share on the date that the Company, or its designee, purchases such Shares-in-Trust, provided that

for sales by the Trustee, such price per share shall be net of any commissions and other expenses of the sale. The proceeds from a Redemption or Sale shall be sent to such person within five business days after the closing of such sale transaction.

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(c) In connection with the Option, all Shares-in-Trust will be deemed to have been offered for sale to the Company, or its designee, and the Company will have the right to accept such offer for a period of 20 days after the later of (i) the date of the purported transfer which resulted in such Shares-in-Trust or (ii) the date the Company determines in good faith that a transfer resulting in such Shares-in-Trust occurred.

(d) Any amounts received by the Trustee in excess of the amounts paid to the Purported Record Transferee shall be distributed to the Beneficiary.

(vi) REMEDIES NOT LIMITED. Nothing contained in this Article VII except Section 7.9 shall limit the scope or application of the provisions of this

Section 7.8, the ability of the Company to implement or enforce compliance with the terms hereof or the authority of the Board of Directors to take any such other action or actions as it may deem necessary or advisable to protect the Company and the interests of its Stockholders by preservation of the Company's status as a REIT and to ensure compliance with applicable Share Ownership Limits and the other restrictions set forth herein, including, without limitation, refusal to give effect to a transaction on the books of the Company.

(vii) AUTHORIZATION. At such time as the Board of Directors authorizes a series of Preferred Shares pursuant to Section 7.3 of this Article VII, without any further or separate action of the Board of Directors, there shall be deemed to be authorized a series of Shares-in-Trust consisting of the number of shares included in the series of Preferred Shares so authorized and having terms, rights, restrictions and qualifications identical thereto, except to the extent that such Shares-in-Trust are already authorized or this Article VII requires different terms.

SECTION 7.9 SETTLEMENTS. Nothing in Sections 7.7 and 7.8 shall preclude the settlement of any transaction with respect to the Common Shares entered into through the facilities of the New York Stock Exchange or other national securities exchange on which the Common Shares are listed.

SECTION 7.10 SEVERABILITY. If any provision of this Article VII or any application of any such provision is determined to be void, invalid or unenforceable by any court having jurisdiction over the issue, the validity and enforceability of the remaining provisions of this Article VII shall not be affected and other applications of such provision shall be affected only to the extent necessary to comply with the determination of such court.

SECTION 7.11 WAIVER. The Company shall have authority at any time to waive the requirements that Shares-in-Trust be issued or be deemed outstanding in accordance with the provisions of this Article VII if the Company determines, based on an opinion of nationally recognized tax counsel, that the issuance of such Shares-in-Trust or the fact that such Shares-in-Trust are deemed to be outstanding, would jeopardize the status of the Company as a REIT (as that term is defined in Section 1.5).

SECTION 7.12 REPURCHASE OF SHARES. The Board of Directors may establish, from time to time, a program or programs by which the Company voluntarily repurchases Shares

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from its Stockholders, provided, however, that such repurchase does not impair the capital or operations of the Company. The Sponsor Advisor, Directors or any Affiliates thereof may not receive any fees on the repurchase of Shares by the Company.

SECTION 7.13 DISTRIBUTION REINVESTMENT PLANS. The Board of Directors may establish, from time to time, a Distribution reinvestment plan or plans (a "Reinvestment Plan"). Pursuant to such Reinvestment Plan, (i) all material information regarding the Distribution to the Stockholders and the effect of reinvesting such distribution, including the tax consequences thereof, shall be provided to the Stockholders at least annually, and (ii) each Stockholder participating in such Reinvestment Plan shall have a reasonable opportunity to withdraw from the Reinvestment Plan at least annually after receipt of the information required in clause (i) above.

ARTICLE VIII

STOCKHOLDERS

SECTION 8.1 MEETINGS OF STOCKHOLDERS. There shall be an annual meeting of the Stockholders, to be held at such time and place as shall be determined by or in the manner prescribed in the Bylaws, at which the Directors shall be elected and any other proper business may be conducted. The annual meeting will be held

on a date which is a reasonable period of time following the distribution of the Company's annual report to Stockholders but not less than thirty (30) days after delivery of such report. A majority of Stockholders present in person or by proxy at an annual meeting at which a quorum is present, may, without the necessity for concurrence by the Directors, vote to elect the Directors. A quorum shall be 50% of the then outstanding Shares. Special meetings of Stockholders may be called in the manner provided in the Bylaws, including by the president or by a majority of the directors, and shall be called by an officer of the Company upon written request of Stockholders holding in the aggregate not less than ten percent (10%) of the outstanding Equity Shares entitled to be cast on any issue proposed to be considered at any such special meeting. Upon receipt of a written request, either in person or by mail, stating the purpose(s) of the meeting, the sponsor shall provide all Stockholders within ten days after receipt of said request, written notice, either in person or by mail, of a meeting and the purpose of such meeting to be held on a date not less than 15 nor more than 60 days after the distribution of such notice, at a time and place specified in the request, or if none is specified, at a time and place convenient to the Stockholders. If there are no Directors, the officers of the Company shall promptly call a special meeting of the Stockholders entitled to vote for the election of successor Directors. Any meeting may be adjourned and reconvened as the Directors determine or as provided by the Bylaws.

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SECTION 8.2 VOTING RIGHTS OF STOCKHOLDERS. Subject to the provisions of any class or series of Shares then outstanding and the mandatory provisions of any applicable laws or regulations, the Stockholders shall be entitled to vote only on the following matters; (a) election or removal of Directors, without the necessity for concurrence by the Directors, as provided in Sections 8.1, 2.4 and 2.7 hereof; (b) amendment of these Articles of Incorporation, without the necessity for concurrence by the Directors, as provided in Section 10.1 hereof; (c) termination of the Company, without the necessity for concurrence by the Directors, as provided in Section 11.2 hereof; (d) reorganization of the Company as provided in Section 10.2 hereof; (e) merger, consolidation or sale or other disposition of all or substantially all of the Company Property, as provided in Section 10.3 hereof; and (f) termination of the Company's status as a real estate investment trust under the REIT Provisions of the Code, as provided in Section 3.2(xix) hereof. The Stockholders may terminate the status of the Company as a REIT under the Code by a vote of a majority of the Shares outstanding and entitled to vote. Except with respect to the foregoing matters, no action taken by the Stockholders at any meeting shall in any way bind the Directors.

SECTION 8.3 VOTING LIMITATIONS ON SHARES HELD BY THE ADVISOR, DIRECTORS AND AFFILIATES. With respect to Shares owned by the Advisor, the Directors, or any of their Affiliates, neither the Advisor, nor the Directors, nor any of their Affiliates may vote or consent on matters submitted to the Stockholders regarding the removal of the Advisor, Directors or any of their Affiliates or any transaction between the Company and any of them. In determining the requisite percentage in interest of Shares necessary to approve a matter on which the Advisor, Directors and any of their Affiliates may not vote or consent, any Shares owned by any of them shall not be included.

SECTION 8.4 STOCKHOLDER ACTION TO BE TAKEN BY MEETING. Any action required or permitted to be taken by the Stockholders of the Company must be effected at a duly called annual or special meeting of Stockholders of the Company and may not be effected by any consent in writing of such Stockholders.

SECTION 8.5 RIGHT OF INSPECTION. Any Stockholder and any designated representative thereof shall be permitted access to all records of the Company at all reasonable times, and may inspect and copy any of them for a reasonable charge. Inspection of the Company books and records by the office or agency administering the securities laws of a jurisdiction shall be provided upon reasonable notice and during normal business hours.

SECTION 8.6 ACCESS TO STOCKHOLDER LIST. An alphabetical list of the names, addresses and telephone numbers of the Stockholders of the Company, along

with the number of Shares held by each of them (the "Stockholder List"), shall be maintained as part of the books and records of the Company and shall be available for inspection by any Stockholder or the Stockholder's designated agent at the home office of the Company upon the request of the Stockholder. The Stockholder List shall be updated at least quarterly to reflect changes in the information contained therein. A copy of such list shall be mailed to any Stockholder so requesting within ten (10) days of the request. The copy of the Stockholder List shall be printed in alphabetical order, on white paper, and in a readily readable type size (in no event smaller than 10-point type). The Company may impose a reasonable charge for expenses incurred in

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reproduction pursuant to the Stockholder request. A Stockholder may request a copy of the Stockholder List in connection with matters relating to Stockholders' voting rights, and the exercise of Stockholder rights under federal proxy laws.

If the Advisor or Directors neglect or refuse to exhibit, produce or mail a copy of the Stockholder List as requested, the Advisor and the Directors shall be liable to any Stockholder requesting the list for the costs, including attorneys' fees, incurred by that Stockholder for compelling the production of the Stockholder List, and for actual damages suffered by any Stockholder by reason of such refusal or neglect. It shall be a defense that the actual purpose and reason for the requests for inspection or for a copy of the Stockholder List is to secure such list of Stockholders or other information for the purpose of selling such list or copies thereof, or of using the same for a commercial purpose other than in the interest of the applicant as a Stockholder relative to the affairs of the Company. The Company may require the Stockholder requesting the Stockholder List to represent that the list is not requested for a commercial purpose unrelated to the Stockholder's interest in the Company. The remedies provided hereunder to Stockholders requesting copies of the Stockholder List are in addition, to and shall not in any way limit, other remedies available to Stockholders under federal law, or the laws of any state.

SECTION 8.7 REPORTS. The Directors, including the Independent Directors, shall take reasonable steps to insure that the Company shall cause to be prepared and mailed or delivered to each Stockholder as of a record date after the end of the fiscal year and each holder of other publicly held securities of the Company within one hundred twenty (120) days after the end of the fiscal year to which it relates an annual report for each fiscal year ending after the initial public offering of its securities which shall include: (i) financial statements prepared in accordance with generally accepted accounting principles which are audited and reported on by independent certified public accountants; (ii) the ratio of the costs of raising capital during the period to the capital raised; (iii) the aggregate amount of advisory fees and the aggregate amount of other fees paid to the Advisor and any Affiliate of the Advisor by the Company and including fees or charges paid to the Advisor and any Affiliate of the Advisor by third parties doing business with the Company; (iv) the Operating Expenses of the Company, stated as a percentage of Average Invested Assets and as a percentage of its Net Income; (v) a report from the Independent Directors that the policies being followed by the Company are in the best interests of its Stockholders and the basis for such determination; (vi) separately stated, full disclosure of all material terms, factors, and circumstances surrounding any and all transactions involving the Company, Directors, Advisors, Sponsors and any Affiliate thereof occurring in the year for which the annual report is made, and the Independent Directors shall be specifically charged with a duty to examine and comment in the report on the fairness of such transactions; and (vii) Distributions to the Stockholders for the period, identifying the source of such Distributions, and if such information is not available at the time of the distribution, a written explanation of the relevant circumstances will accompany the Distributions (with the statement as to the source of Distributions to be sent to Stockholders not later than sixty (60) days after the end of the fiscal year in which the distribution was made).

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ARTICLE IX

LIABILITY OF STOCKHOLDERS, DIRECTORS, ADVISORS AND AFFILIATES;
TRANSACTIONS BETWEEN AFFILIATES AND THE COMPANY

SECTION 9.1 LIMITATION OF STOCKHOLDER LIABILITY. No Stockholder shall be liable for any debt, claim, demand, judgment or obligation of any kind of, against or with respect to the Company by reason of his being a Stockholder, nor shall any Stockholder be subject to any personal liability whatsoever, in tort, contract or otherwise, to any Person in connection with the Company Property or the affairs of the Company by reason of his being a Stockholder. The Company shall include a clause in its contracts which provides that Stockholders shall not be personally liable for obligations entered into on behalf of the Company.

SECTION 9.2 LIMITATION OF LIABILITY AND INDEMNIFICATION.

(i) The Company shall indemnify and hold harmless a Director, Advisor, or Affiliate (the "Indemnitee") against any or all losses or liabilities reasonably incurred by the Indemnitee in connection with or by reason of any act or omission performed or omitted to be performed on behalf of the Company in such capacity, provided, that the Directors, Advisor or Affiliates have determined, in good faith, that the course of conduct which caused the loss or liability was in the best interests of the Company. The Company shall not indemnify or hold harmless the Indemnitee if: (a) in the case that the Indemnitee is a Director (other than an Independent Director), an Advisor or an Affiliate, the loss or liability was the result of negligence or misconduct by the Indemnitee, or (b) in the case that the Indemnitee is an Independent Director, the loss or liability was the result of gross negligence or willful misconduct by the Indemnitee. Any indemnification of expenses or agreement to hold harmless may be paid only out of the Net Assets of the Company and no portion may be recoverable from the Stockholders.

(ii) The Company shall not provide indemnification for any loss, liability or expense arising from or out of an alleged violation of federal or state securities laws by such party unless one or more of the following conditions are met: (a) there has been a successful adjudication on the merits of each count involving alleged securities law violations as to the Indemnitee, (b) such claims have been dismissed with prejudice on the merits by a court of competent jurisdiction as to the Indemnitee; or (c) a court of competent jurisdiction approves a settlement of the claims against the Indemnitee and finds that indemnification of the settlement and the related costs should be made, and the court considering the request for indemnification has been advised of the position of the Securities and Exchange Commission and of the published position of any state securities regulatory authority in which securities of the Company were offered or sold as to indemnification for violations of securities laws.

(iii) Notwithstanding anything to the contrary contained in the provisions of subsection (i) and (ii) above of this Section, the Company shall not indemnify or hold harmless an Indemnitee if it is established that: (a) the act or omission was material to the loss or liability and was committed in bad faith or was the result of active or deliberate dishonesty, (b) the Indemnitee actually received an improper personal benefit in money, property, or services, (c) in the case of any criminal proceeding, the Indemnitee had reasonable cause to believe that the act

or omission was unlawful, or (d) in a proceeding by or in the right of the Company, the Indemnitee shall have been adjudged to be liable to the Company.

(iv) The Directors may take such action as is necessary to carry out this Section 9.2 and are expressly empowered to adopt, approve and amend from time to time Bylaws, resolutions or contracts implementing such provisions. No amendment of these Articles of Incorporation or repeal of any of its provisions shall limit or eliminate the right of indemnification provided hereunder with

respect to acts or omissions occurring prior to such amendment or repeal.

SECTION 9.3 PAYMENT OF EXPENSES. The Company shall pay or reimburse reasonable legal expenses and other costs incurred by a Director, Advisor, or Affiliate in advance of final disposition of a proceeding if all of the following are satisfied: (i) the proceeding relates to acts or omissions with respect to the performance of duties or services on behalf of the Company, (ii) the Indemnitee provides the Company with written affirmation of his good faith belief that he has met the standard of conduct necessary for indemnification by the Company as authorized by Section 9.2 hereof, (iii) the legal proceeding was initiated by a third party who is not a Stockholder or, if by a Stockholder of the Company acting in his or her capacity as such, a court of competent jurisdiction approves such advancement, and (iv) the Indemnitee provides the Company with a written agreement to repay the amount paid or reimbursed by the Company, together with the applicable legal rate of interest thereon, if it is ultimately determined that the Indemnitee did not comply with the requisite standard of conduct and is not entitled to indemnification. Any indemnification payment or reimbursement of expenses will be furnished in accordance with the procedures in Section 2-418(e) of the Maryland General Corporation Law.

SECTION 9.4 EXPRESS EXCULPATORY CLAUSES IN INSTRUMENTS. Neither the Stockholders nor the Directors, officers, employees or agents of the Company shall be liable under any written instrument creating an obligation of the Company by reason of their being Stockholders, Directors, officers, employees or agents of the Company, and all Persons shall look solely to the Company Property for the payment of any claim under or for the performance of that instrument. The omission of the foregoing exculpatory language from any instrument shall not affect the validity or enforceability of such instrument and shall not render any Stockholder, Director, officer, employee or agent liable thereunder to any third party, nor shall the Directors or any officer, employee or agent of the Company be liable to anyone as a result of such omission.

SECTION 9.5 TRANSACTIONS WITH AFFILIATES. The Company shall not engage in transactions with any Affiliates, except to the extent that each such transaction has, after disclosure of such affiliation, been approved or ratified by the affirmative vote of a majority of the Directors (including a majority of the Independent Directors) not Affiliated with the person who is party to the transaction and:

(i) The transaction is fair and reasonable to the Company and its Stockholders.

(ii) The terms of such transaction are at least as favorable as the terms of any comparable transactions made on an arms-length basis and known to the Directors.

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(iii) The total consideration is not in excess of the appraised value of the property being acquired, if an acquisition is involved.

(iv) Payments to the Advisor, its Affiliates and the Directors for services rendered in a capacity other than that as Advisor or Director may only be made upon a determination that:

(a) The compensation is not in excess of their compensation paid for any comparable services; and

(b) The compensation is not greater than the charges for comparable services available from others who are competent and not Affiliated with any of the parties involved.

(v) The Company will not make loans to the Advisor or other Affiliates, or to any director, officer or principal of the Company or any of its Affiliates.

Transactions between the Company and its Affiliates are further subject to

any express restrictions in these Articles of Incorporation (including Article IV and Section 7.7) or adopted by the Directors in the Bylaws or by resolution, and further subject to the disclosure and ratification requirements of MGCL (section) 2-419 and other applicable law.

ARTICLE X

AMENDMENT; REORGANIZATION; MERGER, ETC.

SECTION 10.1 AMENDMENT.

(i) These Articles of Incorporation may be amended, without the necessity for concurrence by the Directors, by the affirmative vote of the holders of not less than a majority of the Equity Shares then outstanding and entitled to vote thereon, except that: (1) no amendment may be made which would change any rights with respect to any outstanding class of securities, by reducing the amount payable thereon upon liquidation, or by diminishing or eliminating any voting rights pertaining thereto; (2) Section 10.2 hereof and this Section 10.1 shall not be amended (or any other provision of these Articles of Incorporation be amended or any provision of these Articles of Incorporation be added that would have the effect of amending such sections); (3) no term or provision of the Articles of Incorporation may be added, amended or repealed in any respect that would, in the determination of the Board of Directors, cause the Company not to qualify as REIT under the Code; (4) certain provisions of the Articles of Incorporation, including provisions relating to the removal of directors, Independent Directors, preemptive rights of holders of stock and indemnification and limitation of liability of officers and directors may not be amended or repealed and (5) provisions imposing cumulative voting in the election of directors may not be added to the Articles of Incorporation, without the affirmative vote of the holders of a majority of the Equity Shares then outstanding and entitled to vote thereon.

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(ii) The Directors, by a majority vote, may amend provisions of these Articles of Incorporation from time to time as necessary to enable the Company to qualify as a real estate investment trust under the REIT Provisions of the Code. With the exception of the foregoing, the Directors may not amend these Articles of Incorporation.

(iii) An amendment to these Articles of Incorporation shall become effective as provided in Section 12.5.

(iv) These Articles of Incorporation may not be amended except as provided in this Section 10.1.

SECTION 10.2 REORGANIZATION. Subject to the provisions of any class or series of Equity Shares at the time outstanding, the Directors shall have the power (i) to cause the organization of a corporation, association, trust or other organization to take over the Company Property and to carry on the affairs of the Company, or (ii) merge the Company into, or sell, convey and transfer the Company Property to any such corporation, association, trust or organization in exchange for Securities thereof or beneficial interests therein, and the assumption by the transferee of the liabilities of the Company, and upon the occurrence of (i) or (ii) above terminate the Company and deliver such Securities or beneficial interests ratably among the Stockholders according to the respective rights of the class or series of Equity Shares held by them provided, however, that any such action shall have been approved, at a meeting of the Stockholders called for that purpose, by the affirmative vote of the holders of not less than a majority of the Equity Shares then outstanding and entitled to vote thereon.

SECTION 10.3 MERGER, CONSOLIDATION OR SALE OF COMPANY PROPERTY. Subject to the provisions of any class or series of Equity Shares at the time outstanding, the Directors shall have the power to (i) merge the Company into another entity, (ii) consolidate the Company with one (1) or more other entities

into a new entity; (iii) sell or otherwise dispose of all or substantially all of the Company Property; or (iv) dissolve or liquidate the Company, other than before the initial investment in Company Property; provided, however, that such action shall have been approved, at a meeting of the Stockholders called for that purpose, by the affirmative vote of the holders of not less than a majority of the Equity Shares then outstanding and entitled to vote thereon. Any such transaction involving an Affiliate of the Company or the Advisor also must be approved by a majority of the Directors (including a majority of the Independent Directors) not otherwise interested in such transaction as fair and reasonable to the Company and on terms and conditions not less favorable to the Company than those available from unaffiliated third parties.

In connection with any proposed Roll-Up Transaction, an appraisal of all Assets shall be obtained from a competent independent appraiser. The Assets shall be appraised on a consistent basis, and the appraisal shall be based on the evaluation of all relevant information and shall indicate the value of the Assets as of a date immediately prior to the announcement of the proposed Roll-Up Transaction. The appraisal shall assume an orderly liquidation of Assets over a 12-month period. The terms of the engagement of the independent appraiser shall clearly state that the engagement is for the benefit of the Company and the Stockholders. A summary of the appraisal, indicating all material assumptions underlying the appraisal, shall be included in a

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report to Stockholders in connection with a proposed Roll-Up Transaction. In connection with a proposed Roll-Up Transaction, the person sponsoring the Roll-Up Transaction shall offer to Stockholders who vote against the proposed Roll-Up Transaction the choice of:

(i) accepting the securities of a Roll-Up Entity offered in the proposed Roll-Up Transaction; or

(ii) one of the following:

(a) remaining as Stockholders of the Company and preserving their interests therein on the same terms and conditions as existed previously; or

(b) receiving cash in an amount equal to the Stockholder's pro rata share of the appraised value of the Net Assets of the Company.

The Company is prohibited from participating in any proposed Roll-Up Transaction:

(iii) which would result in the Stockholders having democracy rights in a Roll-Up Entity that are less than the rights provided for in Sections 8.1, 8.2, 8.4, 8.5, 8.6, 8.7 and 9.1 of these Articles of Incorporation;

(iv) which includes provisions that would operate as a material impediment to, or frustration of, the accumulation of shares by any purchaser of the securities of the Roll-Up Entity (except to the minimum extent necessary to preserve the tax status of the Roll-Up Entity), or which would limit the ability of an investor to exercise the voting rights of its Securities of the Roll-Up Entity on the basis of the number of Shares held by that investor;

(v) in which investor's rights to access of records of the Roll-Up Entity will be less than those described in Sections 8.5 and 8.6 hereof; or

(vi) in which any of the costs of the Roll-Up Transaction would be borne by the Company if the Roll-Up Transaction is not approved by the Stockholders.

ARTICLE XI

DURATION OF COMPANY

SECTION 11.1 The Company automatically will terminate and dissolve on January 31, 2007, will undertake orderly liquidation and Sales of Company assets and will distribute any Net Sales Proceeds to Stockholders, unless Listing occurs, in which event the Company shall continue perpetually unless dissolved pursuant to the provisions contained herein or pursuant to any applicable provision of the MGCL.

SECTION 11.2 DISSOLUTION OF THE COMPANY BY STOCKHOLDER VOTE . The Company may be terminated at any time, without the necessity for concurrence by the Board of Directors, by the vote or written consent of a majority of the outstanding Equity Shares.

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ARTICLE XII

MISCELLANEOUS

SECTION 12.1 GOVERNING LAW. These Articles of Incorporation are executed by the undersigned Directors and delivered in the State of Maryland with reference to the laws thereof, and the rights of all parties and the validity, construction and effect of every provision hereof shall be subject to and construed according to the laws of the State of Maryland without regard to conflicts of laws provisions thereof.

SECTION 12.2 RELIANCE BY THIRD PARTIES. Any certificate shall be final and conclusive as to any persons dealing with the Company if executed by an individual who, according to the records of the Company or of any recording office in which these Articles of Incorporation may be recorded, appears to be the Secretary or an Assistant Secretary of the Company or a Director, and if certifying to: (i) the number or identity of Directors, officers of the Company or Stockholders; (ii) the due authorization of the execution of any document; (iii) the action or vote taken, and the existence of a quorum, at a meeting of the Directors or Stockholders; (iv) a copy of the Articles of Incorporation or of the Bylaws as a true and complete copy as then in force; (v) an amendment to these Articles of Incorporation; (vi) the dissolution of the Company; or (vii) the existence of any fact or facts which relate to the affairs of the Company. No purchaser, lender, transfer agent or other person shall be bound to make any inquiry concerning the validity of any transaction purporting to be made on behalf of the Company by the Directors or by any duly authorized officer, employee or agent of the Company.

SECTION 12.3 PROVISIONS IN CONFLICT WITH LAW OR REGULATIONS.

(i) The provisions of these Articles of Incorporation are severable, and if the Directors shall determine that any one or more of such provisions are in conflict with the REIT Provisions of the Code, or other applicable federal or state laws, the conflicting provisions shall be deemed never to have constituted a part of these Articles of Incorporation, even without any amendment of these Articles of Incorporation pursuant to Section 10.1 hereof; provided, however, that such determination by the Directors shall not affect or impair any of the remaining provisions of these Articles of Incorporation or render invalid or improper any action taken or omitted prior to such determination. No Director shall be liable for making or failing to make such a determination.

(ii) If any provision of these Articles of Incorporation shall be held invalid or unenforceable in any jurisdiction, such holding shall not in any manner affect or render invalid or unenforceable such provision in any other jurisdiction or any other provision of these Articles of Incorporation in any jurisdiction.

SECTION 12.4 CONSTRUCTION. In these Articles of Incorporation, unless the context otherwise requires, words used in the singular or in the plural include both the plural and singular and words denoting any gender include both genders. The title and headings of different parts are inserted for convenience and shall not affect the meaning, construction or effect of these Articles of

Incorporation. In defining or interpreting the powers and duties of the Company and

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its Directors and officers, reference may be made, to the extent appropriate, to the Code and to Titles 1 through 3 of the Corporations and Associations Article of the Annotated Code of Maryland, referred to herein as the "MGCL."

SECTION 12.5 RECORDATION. These Articles of Incorporation and any amendment hereto shall be filed for record with the State Department of Assessments and Taxation of Maryland and may also be filed or recorded in such other places as the Directors deem appropriate, but failure to file for record these Articles of Incorporation or any amendment hereto in any office other than in the State of Maryland shall not affect or impair the validity or effectiveness of these Articles of Incorporation or any amendment hereto. A restated Articles of Incorporation shall, upon filing, be conclusive evidence of all amendments contained therein and may thereafter be referred to in lieu of the original Declaration of Trust and the various amendments thereto.

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THIRD: This amendment and restatement of the Articles of Incorporation of the Company has been approved by a majority of the Directors and approved by the Stockholders as required by law.

FOURTH: The Company currently has authority to issue five thousand (5,000) shares of capital stock, all of one class of common stock, par value \$0.01 per share. The number, classes, par values and preferences, rights, powers, restrictions, limitations, qualifications, terms and conditions of the shares of capital stock that the Company will have authority to issue upon effectiveness of this amendment and restatement of its Articles of Incorporation are set forth in Article VII of the foregoing amendment and restatement of such Articles of Incorporation.

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IN WITNESS WHEREOF, these Amended and Restated Articles of Incorporation have been signed on this 29th day of January, 1998 by the undersigned, each of whom acknowledges, under penalty of perjury, that this document is his free act and deed, and that to the best of his knowledge, information and belief, the matters and facts set forth herein are true in all material respects.

Wells Real Estate Investment Trust, Inc.

/s/ Leo F. Wells, III

By: Leo F. Wells, III

Title: President

ATTEST:

/s/ Brian M. Conlon

By: Brian M. Conlon

Title: Secretary

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EXHIBIT 10.4

MANAGEMENT AGREEMENT

BETWEEN THE REGISTRANT

AND WELLS MANAGEMENT COMPANY, INC.

MANAGEMENT AGREEMENT

THIS MANAGEMENT AGREEMENT ("Agreement") is made and entered into as of the 30th day of January, 1998, by and between WELLS REAL ESTATE INVESTMENT TRUST, INC., a Delaware corporation ("Owner"), and WELLS MANAGEMENT COMPANY, INC., a Georgia corporation with offices in Norcross, Georgia ("Manager").

W I T N E S S E T H:

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WHEREAS, Owner intends to raise money from the sale of stock for the acquisition or construction of income-producing improvements on several tracts as yet unspecified but to be acquired by Owner (the "Owner"); and

WHEREAS, Owner intends to employ Manager to manage any leasable improvements that may be constructed on the Owner; and

WHEREAS, Owner and Manager are entering into this Agreement to establish the terms and conditions for such services.

NOW, THEREFORE, in consideration of the mutual covenants herein, the parties agree as follows:

ARTICLE I.

DEFINITIONS

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

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

1.2 "Improvements" means all buildings, structures and equipment from time to time located on Owner and all parking and common areas located on Owner.

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

1.4 "Management Fee" means the fee payable to Manager for its services hereunder.

1.5 "Owner" means all tracts as yet unspecified but to be acquired by Owner containing income-producing improvements or on which Owner will construct income-producing improvements.

ARTICLE II.

APPOINTMENT OF MANAGER; SERVICES TO BE PERFORMED

2.1 Appointment of Manager. Owner hereby engages and retains Manager as

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

2.2 General Duties. Manager shall devote its best efforts to performing

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

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

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

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

(b) Maintenance. Manager shall cause the Owner to be maintained in

the same manner as similar properties in the area. Manager's duties and supervision in this respect shall include, without limitation, cleaning of the interior and the exterior of the Improvements and the public common areas on the Owner and the making and supervision of repair, alterations, and decoration of the Improvements, subject to and in strict compliance with this Agreement and the Leases. Non-budgeted expenses for any individual item of work which are not reimbursed by a tenant shall not exceed the sum of \$1,000 unless specifically authorized in advance by Owner, provided that emergency repairs which are immediately necessary for the preservation or safety of the Owner, or for the safety of occupant or other persons, or required to avoid the suspension of any necessary service of the Owner may be made by Manager without prior approval of Owner if under the circumstances Owner cannot be conveniently notified before the required emergency repairs must be done.

(c) Notice of Violations. Manager shall forward to Owner promptly

upon receipt all notices of violation or other notices from any governmental authority, and board of fire underwriters or any insurance company, and shall make such recommendations regarding compliance with such notice as shall be appropriate.

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(d) Personnel. In the event Owner notifies Manager of the necessity

of Manager employing additional personnel to manage the Owner, Manager shall cause to be hired personnel to maintain and operate the Owner. The persons so hired shall be the employees or independent contractors of Manager and not of Owner. Manager shall use due care in the selection and supervision of such

employees or independent contractors and shall not pay such employees or independent contractors out of operating revenues from the Owner. Manager shall be responsible for the preparation of and shall timely file all payroll tax reports and timely make payments of all withholding and other payroll taxes with respect to each employee.

(e) Utilities and Supplies. Manager shall, on behalf of Owner, enter

into or renew contracts for electricity, gas, steam, landscaping, fuel, oil, maintenance and other services as are customarily furnished or rendered in connection with the operation of similar rental property in the area, or as it, in its reasonable judgment, shall deem prudent, provided that Manager shall submit to Owner for its approval such contracts for items of expense which are not reimbursable by tenants. Unless Owner notifies Manager of its disapproval of any such contract within 10 days after receipt thereof, Owner shall be deemed to have approved such contract. Manager shall also purchase all supplies which Manager shall deem necessary to maintain and operate the Owner, provided that no such purchase which is not in the ordinary course of business or which is of a nature not reimbursed by tenants shall be made by Manager without the prior consent of Owner. The non-budgeted purchase of supplies calling for an aggregate purchase price in excess of \$1,000, which amount is not reimbursed by tenants, shall not be made without the prior consent of Owner.

(f) Expenses. Manager shall analyze all bills received for services,

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

allowances, however designed).

(g) Monies Collected. Manager shall collect all rent and other monies

from tenants and any sums otherwise due Owner with respect to the Owner in the ordinary course of business. In collecting such monies, Manager shall inform tenants of the Owner that all remittances are to be in the form of a check or money order. Owner authorizes Manager to request, demand, collect and receipt for all such rent and other monies and to institute legal proceedings in the name of Owner for the collection thereof and for the dispossession of any tenant in default under its lease. Manager shall not, however, compromise with any tenant or waive Owner's rights under any lease without Owner's consent.

(h) Banking Accommodations. Manager shall establish and maintain a

separate checking account (the "Account"). All monies deposited from time to time in the Account shall be deemed to be trust funds and shall be and remain the property of Owner and shall be withdrawn and disbursed by Manager for the account of Owner only as expressly permitted by this Agreement for

the purposes of performing the obligations of Manager hereunder. No monies collected by Manager on Owner's behalf shall be commingled with funds of Manager. The Account shall be maintained, and monies shall be deposited therein and withdrawn therefrom, in accordance with the following:

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

authorized by this Agreement.

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

(iii) By the 20th day of each month, Manager shall forward to Owner net operating proceeds from the preceding month, retaining at all times, however a reserve of \$3,000.

(i) Tenant Complaints. Manager shall maintain business-like relations

with the tenants of the Owner.

(j) Ownership Agreement. Manager has received a copy of Owner's

Agreement of Limited Ownership (the "Ownership Agreement") and is familiar with the terms thereof. Manager shall use reasonable care to avoid any act or omission which, in the performance of its duties hereunder, shall in any way conflict with the terms of the Ownership Agreement.

(k) Signs. Manager shall place and remove, or cause to be placed and

removed, such signs upon the Owner as Manager deems appropriate, subject, however, to the terms and conditions of the Leases and to any applicable ordinances and regulations.

(l) Other Services. Manager shall recommend from time to time to

Owner such procedures with respect to Owner as Manager may deem advisable for the most efficient and economic management services which normally are performed in connection with the operation of first-class office and commercial buildings or other buildings, as applicable, and perform all services normally provided to similar premises, without additional charges to Owner.

2.4 Approval of Leases, Contracts, Etc. Manager shall not approve the

execution of or otherwise enter into or bind Owner with respect to leases or any contract or agreement without the prior consent of Owner; provided that without such consent, except to the extent required under Section 2.3(e), Manager may enter into any contracts or agreements (excluding Leases of space in the Owner) on behalf of Owner in the ordinary course of the management, operation and maintenance of the Owner for the obtaining of utility, maintenance or other services to tenant; and further provided that without such consent, Manager may enter into any contracts or agreements on behalf of Owner, in the case of casualty, breakdown in machinery or other similar emergency, if in

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the opinion of Manager emergency action or immediate approval for the commencement of repairs is necessary to prevent additional damage or greater total expenditure or to protect the Owner from damage or prevent default on the part of Owner under any of the Leases, in which event such action taken shall be taken concurrently with prompt notice to Owner.

2.5 Accounting, Records and Reports.

(a) Records. Managers shall maintain all office records and books of

account and shall record therein, and keep copies of, each invoice received from services, work and supplies ordered in connection with the maintenance and operation of the Owner. Such records shall be maintained on a double entry basis. Owner and persons designated by Owner shall at all reasonable time have access to and the right to audit and make independent examinations of such

records, books and accounts and all vouchers, files and all other material pertaining to the Owner and that Agreement, all of which Manager agrees to keep safe, available and separate from any records not pertaining to Owner, at a place recommended by Manager and approved by Owner.

(b) Monthly Reports. On or before the 15th day of each month

following the month for which such report or statement is prepared and during the term of this Agreement, Manager shall prepare and submit to Owner the following reports and statements:

(i) Rental collection record in a form to be agreed upon by Manager and Owner;

(ii) Monthly operating statement in a form to be agreed upon by Manager and Owner;

(iii) Copy of cash disbursements ledger entries for such month;

(iv) Copy of cash receipts ledger entries for such month;

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

(vi) Copy of ledger entries for such month relating to security deposits maintained by Manager.

(c) Budgets and Leasing Plans. Not later than 30 days before the

anniversary of this Agreement and any extensions thereof, Manager shall prepare and submit to Owner for its approval an operating budget and a marketing and leasing plan on the Owner for the calendar year immediately following such submission. The budget and leasing plan shall be in the form of the budget and plan approved by Owner prior to the date thereof. As often as reasonably necessary during the period covered by any such budget, Manager may submit to Owner for its approval an updated budget or plan incorporating such changes as shall be necessary to reflect cost over-runs and the like during such period. If Owner does not disapprove any such budget within 30 days after receipt thereof by Owner, such budget shall be deemed approved. If Owner shall disapprove any such budget or plan, it shall so notify Manager within said 30-day period and explain the reasons therefor.

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(d) Returns Required by Law. Managers shall execute and file when due

all forms, reports, and returns required by law relating to the employment of its personnel.

(e) Notices. Promptly after receipt, Manager shall deliver to Owner

all notices, from any tenant, or any governmental authority, that are not a routine nature. Managers shall also report expeditiously to Owner notice of any extensive damage to any part of the Owner.

ARTICLE III.

EXPENSES

3.1 Owner's Expenses. Except as otherwise specifically provided, all

costs and expenses incurred hereunder by Manager shall be for the account of and on behalf of Owner. Such costs and expenses may include salaries and other employee-related expenses, and all legal, travel and other out-of-pocket expenses which are directly related to the management of specific Ownership Property, to the extent permitted by the Statement of Policy Regarding Real

Estate Investment Trusts adopted by the North American Securities Administrators Association, Inc. All costs and expenses for which Owner is responsible under this Agreement, shall be paid by Manager out of the Account. In the event said account does not contain sufficient funds to pay all said expenses, Owner shall fund all sums necessary to meet such additional costs and expenses.

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

ARTICLE IV.

MANAGER'S COMPENSATION

4.1 Management Fee. Commencing on the date hereof, Owner shall pay -----
Manager, as compensation for its services hereunder, an amount equal to two and one-half percent (2.5%) of the Gross Revenues paid monthly from the rental income received from Owner, over the term of this agreement ("Management Fee").

4.2 Audit Adjustment. If any audit of the records, books or accounts -----
relating to the Owner discloses an overpayment or underpayment of Management Fees, Owner or Manager shall promptly pay to the other party the amount of such overpayment or underpayment, as the case may be. If such audit discloses an overpayment of Management Fees for any fiscal year of more than the correct Management Fees for such Fiscal year, Manager shall bear cost of such audit.

ARTICLE V.

INSURANCE AND INDEMNIFICATION

5.1 Insurance to be Carried. -----

(a) The Owner shall be insured by Owner against such hazards as Owner shall deem appropriate, but in any event insurance sufficient to comply with the Leases and the

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Ownership Agreement shall be maintained. All liability policies shall provide sufficient insurance satisfactory to both Owner and Manager and shall contain waivers of subrogation for the benefit of Manager.

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

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

5.3 Accidents and Claims. Manager shall promptly investigate and shall -----
report in detail to Owner all accidents, claims for damage relating to the

Ownership, operation or maintenance of the Owner, and any damage or destruction to the Owner and the estimated costs of repair thereof, and shall prepare for approval by Owner all reports required by an insurance company in connection with any such accident, claim, damage, or destruction. Such reports shall be given to Owner promptly and any report not so given within 10 days after the occurrence of any such accident, claim, damage or destruction shall be noted in the monthly report delivered to Owner pursuant to section 2.5(b). Manager is authorized to settle any claim against an insurance company not exceeding \$500 arising out of any policy and, in connection with such claim, to execute proofs of loss and adjustments of loss and to collect and receipt for loss proceeds. If a claim against an insurance company exceeds \$500, Manager shall take no action specified in the immediately preceding sentence with respect thereto without the approval of Owner.

5.4 Indemnification. Manager shall hold Owner harmless from and indemnify

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

ARTICLE VI.

TERM, TERMINATION

6.1 Term. This Agreement shall commence on the date first above written

and shall continue until terminated in accordance with the earliest to occur of the following:

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

(b) Sixty (60) days after prior written notice of intention to terminate the Agreement given by Owner or Manager:

(c) Upon any change in control of Manager, unless Owner consents to such change; or

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

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

(ii) Manager (A) institutes proceedings to be adjudicated a voluntary bankrupt or an insolvent, (B) consents to the filing of a bankruptcy proceeding against it, (C) files a petition or answer or consent seeking reorganization, readjustment, arrangement, composition or relief under any similar applicable law or practice, (D) consents

to the filing of any such petition, or to the appointment of a receiver or liquidator or trustee or assignee in bankruptcy or insolvency for it or for a substantial part of its property, (E) makes an assignment for the benefit of creditors, (F), is unable to or admits in writing its inability to pay its debts generally as they become due unless such inability shall be the fault of Owner, or (G) takes corporate or other action in furtherance of any of the aforesaid purposes.

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

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

(a) Manager shall deliver to Owner, or its designee, all books and records with respect to the Owner.

(b) Manager shall transfer and assign to Owner, or its designee, all service contracts and personal property relating to or used in the operation and maintenance of the Owner, except personal property paid for and owned by Manager. Manager shall also, for a period of sixty

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(60) days immediately following the date of such termination, make itself available to consult with and advise Owner, or its designee, regarding the operation and maintenance of the Owner.

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

ARTICLE VII.

MISCELLANEOUS

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

Owner: WELLS REAL ESTATE INVESTMENT TRUST, INC.
3885 Holcomb Bridge Road
Norcross, Georgia 30092

Manager: WELLS MANAGEMENT COMPANY, INC.
3885 Holcomb Bridge Road
Norcross, Georgia 30092

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

7.3 Assignment. Manager may delegate partially or in full its duties and

rights under this Agreement but only with the prior written consent of Owner.
Except as provided in the immediately preceding sentence, this Agreement shall
be binding upon and shall inure to the benefit of the parties and their
respective successors and assigns.

7.4 No Waiver. The failure of Owner to seek redress for violation or to

insist upon the strict performance of any covenant or condition of this
Agreement, shall not constitute a waiver thereof for the future.

7.5 Amendments. This Agreement may not be amended without the vote of a

majority of interest of the Limited Owners of Owner and only by an instrument in
writing signed by the party against whom enforcement of the amendment is sought.

7.6 Headings. The headings of the various subdivisions of this Agreement

are for reference only and shall not define or limit any of the terms or
provisions hereof.

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7.7 Counterparts. This Agreement may be executed in two or more

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

7.8 Entire Agreement. This Agreement contains the entire understanding

and all agreements between Owner and Manager respecting the management of the
Owner. There are no representations, agreements, arrangements or
understandings, oral or written, between Owner and Manager relating to the
management of the Owner that are not fully expressed herein.

7.9 Disputes. If there shall be a dispute between Owner and Manager

relating to this Agreement resulting in litigation, the prevailing party in such
litigation shall be entitled to recover from the other party to such litigation
such amount as the court shall fix as reasonable attorneys' fees.

7.10 Activities of Manager. The obligations of Manager pursuant to the

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

7.11 Independent Contractor. Manager and Owner shall not be construed as

joint venturers or Owners of each other pursuant to this Agreement, and neither
shall have the power to bind or obligate the other except as set forth herein.
In all respects, the status of Manger to Owner under this Agreement is that of
an independent contractor.

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IN WITNESS WHEREOF, the parties have executed this Agreement as of the date
first above written.

Wells Real Estate Investment Trust, Inc.

By: /s/ Brian M. Conlon

Name: Brian M. Conlon
Title: Executive Vice President

Wells Management Company, Inc.

By: /s/ Brian M. Conlon

Name: Brian M. Conlon
Title: Executive Vice President

EXHIBIT 10.5

LEASING AND TENANT COORDINATING AGREEMENT

BETWEEN THE REGISTRANT

AND WELLS MANAGEMENT COMPANY, INC.

LEASING AND TENANT COORDINATING AGREEMENT

THIS AGREEMENT, made as of the 30th day of January, 1998, between WELLS REAL ESTATE INVESTMENT TRUST, INC., a Delaware corporation (the "Owner"), and WELLS MANAGEMENT COMPANY, INC., a Georgia corporation (the "Agent").

WITNESSETH:

WHEREAS, the Owner intends to raise money from the sale of the Owner's stock for the acquisition or construction of income-producing improvements on several tracts as yet unspecified but to be acquired by Owner; and

WHEREAS, the Owner intends to employ the Agent to manage any leasable improvements that may be constructed on the Owner; and

WHEREAS, the Owner and Agent are entering into this Agreement to establish the terms and conditions for such services.

NOW THEREFORE, in consideration of the mutual premises and covenants herein contained, the Owner and Agent agree as follows:

1. Leasing Agent. The Owner hereby engages the Agent for the term hereof

as the exclusive leasing and tenant coordinating agent for the commercial buildings to be developed by the Owner.

2. Effective Date and Terms. This Agreement shall become effective upon

the date hereof. The initial term of this Agreement shall be for a period of 12 months beginning on the date the Owner notifies the Agent in writing that one or more Owner are available for lease. The term shall be automatically extended for an additional one year period at the end of each year unless the Owner or Agent give sixty (60) days written notice of their intention not to renew this Agreement. Both the Owner and the Agent may terminate this Agreement at an earlier date upon sixty (60) days written notice to the other party. The Agent may engage in preleasing activities as of the date hereof.

3. Leasing Functions. The Agent, by the execution hereof, accepts the

Owner's engagement of the Agent as the exclusive leasing and tenant coordination agent of the Owner for the term hereof, and agrees to use its best efforts to perform the following specific functions:

(a) to seek diligently tenants and obtain signed leases for the Owner under the terms prescribed by the Owner;

(b) to coordinate the planning of each tenant's space with the architect and obtain such tenant's approval of the plan;

(c) to coordinate the construction of each tenant's space with the contractor or the Owner and prepare an accounting of tenant coverage costs (if any) for such tenant;

(d) to coordinate each tenant's moving into its completed offices; and

(e) not later than 30 days before the anniversary of this Agreement and extensions thereof, the Agent shall prepare and submit to the Owner for its approval a marketing and leasing plan for the Owner for the calendar year immediately following such submission. The leasing plan shall be in the form approved by the Owner prior to the date thereof. As often as reasonably necessary during the period covered by any such plan, the Agent may submit to the Owner for its approval an updated plan incorporating such changes as shall be necessary to reflect leasing experience during such period. If the Owner does not disapprove any such plan within 30 days after receipt thereof by the Owner, such plan shall be deemed approved. If the Owner shall disapprove any such plan, it shall so notify the Agent within said 30 day period and explain the reasons therefor.

4. Reimbursement. The Agent shall be reimbursed by the Owner for all

expenses of the Owner that the Agent incurs in connection with the performance of its duties and obligations pursuant to this Agreement, provided that such expenses are expressly authorized by the Owner. Such reimbursements may include salaries and other employee-related expenses, travel and other out-of-pocket expenses directly related to a specific Owner to the extent permitted by the Statement of Policy Regarding Real Estate Investment Trusts by the North American Securities Administrators Association, Inc., as amended (the "NASAA Guidelines").

5. Compensation of the Agent.

5.1. Agent. For performing the functions outlined in Section 3 the

Agent shall be compensated as follows:

(a) The Agent shall be paid two percent (2%) of the Gross Revenues paid monthly from rents collected;

(b) In addition to the compensation paid to the Agent under Section 5.1(a) above, the Agent shall be entitled to receive a separate competitive fee for the one-time initial rent-up or lease-up of a newly constructed property, provided said fee is not included in the purchase price of the property paid by the Owner. For this purpose, a total rehabilitation shall be included in the phrase "newly constructed". The fee paid the Agent under this section is intended to comply with the applicable provision of the NASAA Guidelines, and in all instances shall be interpreted in a manner which will comply with said provision;

(c) The Agent's compensation under Section 5.1(a), but not Section 5.1(b) hereof, shall apply to all renewals, extensions or expansions of leases which the Agent has originally negotiated; and

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(d) For planning and coordinating the construction of any tenant finish along with the Owner or any architect, contractor or other authorized person, the payment for which shall be the responsibility of the tenant, the Agent shall be entitled to receive from any such tenant an amount equal to 5% of the amount as remitted by the tenant to the Owner or to a representative of the Owner in payment for such construction.

As used herein, the term "Gross Revenues" shall mean all amounts actually collected as rents or other charges for the use and occupancy of Owner, but shall exclude interests and other investments income of the Owner and proceeds received by the Owner from a sale, exchange, condemnation, eminent domain taking, casualty or other disposition of assets of the Owner.

5.2 Co-Brokerage. The Owner agrees that the Agent shall not be required

to share or co-broker the compensation outlined in Section 5.1(a) and (b) with another agent. The parties further agree that the amount paid to other real estate agents for their brokerage services shall reduce, on a dollar by dollar basis, the amount paid to the Agent under Section 5.1(b) hereof. Any commissions due other real estate agents for procuring a tenant shall be paid by the Owner.

5.3 Sale of Owner. If the Owner are sold, the Owner agrees to furnish

the Agent with an agreement signed by the purchaser assuming the Owner's obligations to pay compensation earned under Section 5.1 of this Agreement.

6. Agent's Limited Liability.

6.1 Agent's Liability. The Agent's liability is limited in the

following ways:

(a) The Agent shall not be responsible for acts or omissions of any contractor, any subcontractor or any of their agents or employees or any other persons performing any of the work on the Owner which did not result from the negligence or misconduct of Agent.

(b) The Agent shall not be responsible for errors or omissions of the architect, his or its engineers, employees or agents or any other independent engineer, surveyor or other professionals providing services in connection with the construction of the Owner which did not result from the negligence or misconduct of Agent.

6.2 Indemnification of Owner. In the performance of its duties

hereunder, the Agent shall diligently endeavor to protect the property rights and interests of the Owner as vested in the Owner. The Agent hereby agrees to indemnify the Owner and hold the Owner harmless from and against any claims, actions, damages expenses (including, without limitation, attorneys' and accountants' fees and court costs) and liabilities relating to the negligence or misconduct of the Agent.

7. Notices. Any notice which may be or is required to be given hereunder

shall be deemed given when received by personal delivery or by registered or certified United States mail,

postage prepaid, return receipt requested, addressed to the Owner and/or the Agent at the address set forth after their respective name below, or at such different addresses as either party shall have theretofore advised the other party in writing in accordance with this Section 7.

Owner: Wells Real Estate Investment Trust, Inc.
3885 Holcomb Bridge Road
Norcross, Georgia 30092

Agent: Wells Management Company, Inc.
3885 Holcomb Bridge Road
Norcross, Georgia 30092

8. Limitation. Except as otherwise specifically provided in this

Agreement, the Agent shall have not right to incur any liability on behalf of the Owner or to bind the Owner by an contract or obligation.

9. Activities of Agent. The obligations of the Agent pursuant to the

terms and provisions of this Agreement shall not be construed to preclude the Agent from engaging in other activities or business ventures, whether or not

such other activities or ventures are in competition with the Owner or the business of the Owner.

10. Independent Contractor. The Agent and the Owner shall not be

construed as joint venturers or Owners of each other pursuant to this Agreement, and neither shall have the power to bind or obligate the other except as set forth herein. In all respects the status of the Agent to the Owner under this Agreement is that of an independent contractor.

11. Governing Law. This Agreement shall be governed by and construed in

accordance with the laws of the State of Georgia.

12. Counterparts. This Agreement may be executed in multiple

counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same agreement.

13. Entire Agreement. This Agreement contains the entire understanding

and all agreements between the parties hereto respecting the leasing and coordinating of tenant improvements on the Owner. There are no representations, agreements, arrangements or understandings, oral or written, among the parties hereto relating to the leasing and tenant coordinating of the improvements on the Owner which are not fully expressed herein.

14. Section Headings. The section headings in this Agreement are inserted

only as a matter of convenience and for reference and in no way define, limit or describe the scope or intent of this Agreement or in any way affect this Agreement.

15. Disputes. If there shall be a dispute among the Agent and the Owner

relating to this Agreement resulting in litigation, the prevailing party in such litigation shall be entitled to

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recover from the other party to such litigation such amount as the court shall fix as reasonably attorney's fees.

16. Binding Agreement. This Agreement shall be binding upon the parties

hereto and their successors and assigns. This Agreement shall not be changed orally, but may be changed only by a written agreement signed by the Owner and the Agent. No waiver or any breach of any covenant, condition or agreement contained herein shall be construed to be a subsequent waiver of that covenant, condition or agreement or of any subsequent breach thereof or of this Agreement.

17. Assignment. Agent may delegate partially or in full its duties and

rights under this Agreement but only with the vote of a majority in interest of the Limited Owners of the Owner. Except as provided in the immediately preceding sentence, this Agreement shall be binding upon and shall inure to the benefit of the parties and their respective successors and assigns.

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IN WITNESS WHEREOF, the parties hereto have cause this Agreement to be executed as of the day and year first above written.

Wells Real Estate Investment Trust, Inc.

By: /s/ Brian M. Conlon

Name: Brian M. Conlon
Title: Executive Vice President

Wells Management Company, Inc.

By: /s/ Brian M. Conlon

Name: Brian M. Conlon
Title: Executive Vice President

EXHIBIT 23.2

CONSENT OF ARTHUR ANDERSEN LLP

EXHIBIT 23.2

[LETTERHEAD OF ARTHUR ANDERSEN LLP APPEARS HERE]

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the use of our reports and to all references to our Firm included in or made a part of this registration statement.

/s/ ARTHUR ANDERSEN LLP

Atlanta, Georgia
July 26, 1999