SYNAPTICS Inc
Form 4
November 01, 2016

FORM 4

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL

OMB Number:	3235-0287
Expires:	January 31, 2005
Estimated average burden hours per response...	0.5

(Print or Type Responses)

1. Name and Address of Reporting Person *
Ali Wajid

(Last) (First) (Middle)

1251 MCKAY DRIVE

(Street)

SAN JOSE, CA 95131

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
SYNAPTICS Inc [SYNA]

3. Date of Earliest Transaction (Month/Day/Year)
10/28/2016

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

_____ Director _____ 10% Owner
__X__ Officer (give title below) _____ Other (specify below)
Senior VP and CFO

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	10/28/2016		A		10,900 (1)	A	$ 0	22,438	D	
Common Stock	10/31/2016		F		946 (2)	D	$ 52.12	21,492	D	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)		8 D S (I
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares	
Employee Stock Option (Right to Buy)	$ 52.57	10/28/2016		A		6,875		(3)	10/28/2023	Common Stock	6,875	

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Ali Wajid 1251 MCKAY DRIVE SAN JOSE, CA 95131			Senior VP and CFO	

Signatures

Kermit Nolan, as attorney-in-fact	11/01/2016
**Signature of Reporting Person	Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).
- ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- **(1)** One-third of the total number of deferred stock units shall vest on each anniversary following the vesting commencement date of 10/31/2016, until fully vested on 10/31/2019.
- **(2)** Represents shares of common stock withheld by the Issuer to satisfy certain tax withholding obligations associated with the vesting of deferred stock units.
- **(3)** 33% of the total number of shares subject to the option shall vest and become exercisable one year following the vesting commencement date of 10/28/2016, with the remaining 2/3rds vesting quarterly until fully vested on October 28, 2019.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. BOA.

Boeing Seattle Building

On December 10, 2003, Wells OP purchased a five-story office building containing approximately 158,000 rentable square feet located on an approximately 5.8-acre tract of land at 22833 SE Black Nugget Road in Issaquah, Washington (Boeing Seattle Building) for a purchase price of approximately $30.0 million, plus closing costs.

Table of Contents

The Boeing Seattle Building, which was built in 2001, is entirely leased under a net lease to The Boeing Company (Boeing). Boeing is a large aerospace company with corporate headquarters in Chicago, Illinois. Boeing reported a net worth, as of December 31, 2003, of approximately $8.1 billion. The current annual base rent payable under the Boeing lease, which expires in 2006, is approximately $3.8 million.

Washington, DC Portfolio

On November 19, 2003, Wells OP acquired: (1) all of the outstanding common stock in BCSP II Washington Properties, Inc. (Washington Properties REIT), a Maryland corporation qualifying as a real estate investment trust, which owns interests in three office buildings in the Washington, DC area (Washington, DC REIT Buildings), through its ownership in various operating entities; and (2) all of the membership interest in 4250 North Fairfax Property LLC (Fairfax Property LLC), a Delaware limited liability company which owns a 14-story office building located in Arlington, Virginia (4250 North Fairfax Arlington Building) (collectively, the Washington, DC Portfolio). The Washington, DC Portfolio was acquired from Beacon Capital Strategic Partners II, L.P. (Beacon Capital Partners), a Delaware limited partnership, for an aggregate purchase price of approximately $347.0 million. At closing, the name of the Washington Properties REIT was changed to Wells Washington Properties, Inc.

The Washington, DC REIT Buildings consist of an eight-story office building located at 400 Virginia Avenue (400 Virginia Building); a 12-story office building located at 1201 Eye Street (US Park Service Building); and a 12-story office building located at 1225 Eye Street (1225 Eye Street Building). Wells OP received a credit against the purchase price paid at closing in the amount of approximately $115.6 million consisting of (1) approximately $115.2 million representing the amount of the existing indebtedness secured by the US Park Service Building and the 1225 Eye Street Building held by Metropolitan Life Insurance Company (MetLife); and (2) the liquidation price of the Series A Preferred Stock of Washington Properties REIT, plus dividends payable to the holders of such stock from November 20, 2003 through December 31, 2003, in the amount of approximately $0.4 million.

400 Virginia Building

The Washington Properties REIT owns all of the membership interest in 400 Virginia Avenue LLC (Virginia Avenue LLC), a single member Delaware limited liability company which owns the 400 Virginia Building containing approximately 213,000 aggregate rentable square feet. The 400 Virginia Building, which was completed in 1985, is leased to various agencies of the United States government (approximately 37%), Lockheed Martin Corporation (approximately 22%), and 12 additional tenants (approximately 41%), with the weighted average lease term remaining of approximately four years. The current aggregate annual base rent for the 14 tenants in the 400 Virginia Building is approximately $7.4 million.

US Park Service Building

The Washington Properties REIT owns all of the membership interest in 1201 Equity LLC, a single member Delaware limited liability company which owns a 49.5% membership interest in 1201 Eye Street, N.W. Associates LLC (1201 Associates), a Delaware limited liability company which owns the US Park Service Building containing approximately 269,000 aggregate rentable square feet. Approximately 50.0% of 1201 Associates is owned by One Franklin Plaza, LLC (One Franklin), a Delaware limited liability company, and the remaining approximately 0.5% of 1201 Associates is owned by six additional owners.

13

Table of Contents

The US Park Service Building, which was completed in 2001, is primarily leased to the United States of America on behalf of the United States National Park Service (approximately 82%). Approximately 18% of the US Park Service Building is leased to four additional tenants.

The United States National Park Service (US Park Service) is a bureau of the Department of the Interior of the United States government. The Park Service administers natural, historical, and recreational areas that are set aside as such by the United States government. The US Park Service manages approximately 83 million acres in 49 states, the District of Columbia, American Samoa, Guam, Puerto Rico, Saipan, and the Virgin Islands. The current annual base rent payable under the US Park Service lease, which expires in 2012, is approximately $8.2 million. The current aggregate annual base rent for the remaining four tenants in the US Park Service Building is approximately $2.1 million.

1201 Associates has three outstanding mortgage loans having an aggregate outstanding principal balance, as of November 19, 2003, of approximately $96.9 million. The first mortgage loan is held by MetLife and had an outstanding principal balance, as of November 19, 2003, of approximately $67.6 million. The outstanding principal balance of the second mortgage loan, as of November 19, 2003, was approximately $7.5 million and is held by TZO Lending LLC (TZO), a Delaware limited liability company which is wholly owned by Washington Properties REIT. The outstanding principal balance of the third mortgage loan, as of November 19, 2003, was approximately $21.9 million and is held by 1215 ESDI LLC (ESDI), a Delaware limited liability company which is wholly owned by TZO.

The first mortgage loan held by MetLife secured by the US Park Service Building bears interest at the rate of 4.4% per annum, requires monthly payments of interest only in the amount of approximately $0.3 million, and matures on November 1, 2007. The MetLife loan documents impose certain restrictions on the transfer of the US Park Service Building and upon the transfer of the ownership of entities owning interests in the US Park Service Building. The second and third mortgage loans secured by the US Park Service Building provide for base interest in the amount of 15% per annum plus additional interest currently equal to 95% of the excess cash flow, if any, generated by the US Park Service Building. The second and third mortgage loans secured by the US Park Service Building mature on November 20, 2017, and contain substantial prepayment penalties except in conjunction with prepayments made pursuant to the provisions described in the following paragraph.

1201 Associates is prohibited from selling the US Park Service Building without the consent of One Franklin prior to November 1, 2007, and from prepaying the outstanding balance of the first mortgage loan held by MetLife, except that the MetLife loan may be replaced by substantially similar non-recourse debt in an amount not less than the then current outstanding principal balance of the MetLife loan and so long as the maturity date of such debt is not prior to November 1, 2007. Thereafter, 1201 Associates is required to use commercially reasonable efforts to maintain similar non-recourse debt through December 31, 2011. 1201 Associates has a right to prepay up to 50% of the outstanding principal balance of the second mortgage loan, which is required to be exercised during specific time periods in 2004 through 2006. If 1201 Associates exercises such prepayment right, TZO has the option to acquire up to 50% of the membership interest in 1201 Associates. In addition, 1201 Associates has a right to prepay up to 50% of the outstanding principal balance of the third mortgage loan, which is also required to be exercised during specific time periods in 2004 through 2006. If 1201 Associates exercises such prepayment right, ESDI has the option to acquire up to 50% of the membership interest in 1201 Associates.

1225 Eye Street Building

The Washington Properties REIT owns all of the membership interest in 1225 Equity LLC, a single member Delaware limited liability company which owns a 49.5% membership interest in 1225 Eye Street, N.W. Associates LLC (1225 Associates), a Delaware limited liability company which owns the 1225 Eye Street Building containing approximately 218,000 aggregate rentable square feet. Approximately 50.0% of 1225 Associates is owned by One Franklin, and the remaining approximately 0.5% of 1225 Associates is owned by seven additional owners.

14

Table of Contents

The 1225 Eye Street Building, which was completed in 1985, is approximately 93% leased to 24 tenants, and approximately 7% of the 1225 Eye Street Building is currently vacant. The current aggregate annual base rent for the 24 tenants in the 1225 Eye Street Building is approximately $6.6 million. The current weighted average remaining lease term of the 24 tenants is five years.

1225 Associates has two outstanding mortgage loans for an aggregate outstanding principal balance, as of November 19, 2003, of approximately $67.8 million. The first mortgage loan is held by MetLife and had an outstanding principal balance, as of November 19, 2003, of approximately $47.6 million. The outstanding principal balance of the second mortgage loan, as of November 19, 2003, was approximately $20.2 million and is held by TTF Lending LLC (TTF), a Delaware limited liability company which is wholly owned by Washington Properties REIT.

The first mortgage loan held by MetLife secured by the 1225 Eye Street Building bears interest at the rate of 4.4% per annum, requires monthly payments of interest only in the amount of approximately $0.2 million, and matures on November 1, 2007. The MetLife loan documents impose certain restrictions on the transfer of the 1225 Eye Street Building and upon the transfer of the ownership of entities owning interests in the 1225 Eye Street Building. The second mortgage loan secured by the 1225 Eye Street Building held by TTF provides for base interest in the amount of 15% per annum plus additional interest currently equal to 96% of the excess cash flow generated by the 1225 Eye Street Building. The second mortgage loan held by TTF matures on October 31, 2017, and contains substantial prepayment penalties except in conjunction with prepayments made pursuant to the provisions described in the following paragraph.

1225 Associates is prohibited from selling the 1225 Eye Street Building without the consent of One Franklin prior to November 1, 2007, and from prepaying the outstanding balance of the first mortgage loan held by MetLife, except that the MetLife loan may be replaced by substantially similar non-recourse debt in an amount not less than the then current outstanding principal balance of the MetLife loan and so long as the maturity date of such debt is not prior to November 1, 2007. Thereafter, 1225 Associates is required to use commercially reasonable efforts to maintain similar non-recourse debt through December 31, 2011. 1225 Associates has a right to prepay up to 50% of the outstanding principal balance of the second mortgage loan, which is required to be exercised during specific time periods in 2004 through 2006. If 1201 Associates exercises such prepayment right, TTF has the option to acquire up to 50% of the membership interest in 1201 Associates.

4250 North Fairfax Arlington Building

As a part of the same transaction involving the acquisition of all of the common stock of the Washington Properties REIT, on November 19, 2003, Wells OP acquired all of the membership interest in Fairfax Property LLC, a single member Delaware limited liability company which owns the 4250 North Fairfax Arlington Building, a 14-story office building containing approximately 304,000 aggregate rentable square feet located at 4250 North Fairfax Street in Arlington, Virginia.

The 4250 North Fairfax Arlington Building, which was completed in 1998, is approximately 53% leased to Qwest Communications Corporation. Approximately 46% of the 4250 North Fairfax Arlington Building is leased to four additional tenants, and approximately 1% of the 4250 North Fairfax Arlington Building is currently vacant.

Quest Communications Corporation (Qwest) is a wholly-owned subsidiary of Qwest Communications International, Inc. (Qwest Intl.), which provides long distance, wireless, data and video services in the western and midwestern United States to residential and business customers. The current annual base rent payable under the Qwest lease, which expires in 2014, is approximately $3.0 million. Qwest has obtained a $4.2 million letter of credit from U.S. Bank, N.A., which expires in June 2004, to serve as security for payments under the lease. The Qwest lease contains a right of first offer provision

15

Table of Contents

with respect to a future sale of the 4250 North Fairfax Arlington Building. The current aggregate annual base rent for the remaining six tenants in the 4250 North Fairfax Arlington Building is approximately $1.5 million.

Leo Burnett Chicago Building

On November 6, 2003, Wells OP, through Wells 35 W. Wacker, LLC, a single member Delaware limited liability company wholly owned by Wells OP, purchased a 97.9396% general partnership interest in VV City-Buck Venture, L.P. (VV City), a Delaware limited partnership, which is the owner of a 96.5007% general partnership interest in 35 W. Wacker Venture, L.P. (Wacker Venture), which owns a 50-story office building containing approximately 1.1 million aggregate rentable square feet at 35 W. Wacker Drive in Chicago, Illinois (Leo Burnett Chicago Building), for a purchase price of approximately $267.5 million, plus closing costs. As a result of this two-tier partnership structure, Wells OP indirectly acquired a 94.5124% interest in the Leo Burnett Chicago Building. Buck 35 Wacker, L.L.C. (Buck) retained a 2.0604% limited partnership interest in VV City, and Leo Burnett USA, Inc. (Leo Burnett) retained a 3.4993% limited partnership interest in Wacker Venture.

In exchange for certain concessions given as part of this transaction, Wells OP entered into an amendment to the current partnership agreement of Wacker Venture to extend and modify certain restrictions contained in the partnership agreement relating to a future sale or refinance of the Leo Burnett Chicago Building prior to December 31, 2012. In addition, Wells OP agreed to guarantee certain tax indemnification payments required to be made to compensate Leo Burnett from adverse tax consequences resulting from a future sale or refinancing of the Leo Burnett Chicago Building. As a result, unless Wells OP obtains the prior consent of Leo Burnett to the transaction, Wells OP will be required to make a tax indemnity payment to Leo Burnett upon any sale or refinancing of the Leo Burnett Chicago Building prior to December 2012 which will result in an adverse tax impact on Leo Burnett. The maximum potential liability to Wells OP of such tax indemnification obligation is $6.5 million, which decreases over time to $1.0 million in 2012. In addition, at closing, Wells OP amended the partnership agreement of VV City to change the name of VV City to Wells-Buck Venture, L.P.

The Leo Burnett Chicago Building, which was built in 1989, is primarily leased under net leases to Leo Burnett and Winston & Strawn LLP, which together lease approximately 89% of the Leo Burnett Chicago Building. Various other tenants lease an additional approximately 9% of the Leo Burnett Chicago Building, and approximately 2% of the Leo Burnett Chicago Building is currently vacant.

Leo Burnett is a worldwide advertising company with U.S. corporate headquarters in Chicago, Illinois. Leo Burnett operates 98 different full service advertising agencies in 85 countries worldwide. It also operates several specialized agencies and marketing services. Leo Burnett is a subsidiary of Publicis Group S.A. (Publicis), a French company with corporate headquarters in Paris. The current annual base rent payable under the Leo Burnett lease, which expires in 2012, is approximately $10.6 million. Leo Burnett has expansion options and a right of first refusal to lease additional space in the Leo Burnett Chicago Building. Further, Leo Burnett has certain limited rental space contraction options in 2005 and 2010, subject to certain restrictions.

Winston and Strawn LLP is a full-service law firm with offices in Chicago, New York, Los Angeles, San Francisco, Washington, Geneva, London and Paris. Winston & Strawn LLP s practice areas include litigation, corporate, employment, real estate, tax, intellectual property and environmental law. The current annual base rent payable under the Winston & Strawn LLP lease, which expires in 2009, is approximately $10.0 million. Winston & Strawn LLP has expansion options should space become available in the Leo Burnett Chicago Building.

The current aggregate annual base rent for the remaining tenants in the Leo Burnett Chicago Building is approximately $2.3 million.

16

Table of Contents

IBM Portland Buildings

On October 9, 2003, Wells OP purchased four multi-story office buildings and one industrial building containing approximately 364,000 aggregate rentable square feet on an approximately 20.9-acre tract of land (IBM Portland Buildings) and an additional adjacent 31.8-acre tract of land (IBM Land) in Beaverton, Oregon for an aggregate purchase price of approximately $38.2 million, plus closing costs from International Business Machines Corporation (IBM).

Three of the five IBM Portland Buildings, located at 15300 SW Koll Parkway, 15350 SW Koll Parkway and 15400 SW Koll Parkway, which were built between 1988 and 1990 and contain an aggregate of approximately 220,000 rentable square feet, are entirely leased to IBM under three separate net leases. The remaining two buildings located at 1345 SW Burlington Drive and 15757 SW Jay Street are currently vacant.

IBM, a company whose shares are publicly traded on the New York Stock Exchange (NYSE), manufactures and sells computer services, hardware and software and is the most diversified provider of computer products and services in the United States. IBM reported a net worth, as of December 31, 2003, of approximately $27.9 billion. The current aggregate annual base rent payable under the IBM leases, which expire in 2008, 2010, and 2012 respectively, is approximately $2.9 million.

AIU Chicago Building

On September 19, 2003, Wells Fund XIII REIT Joint Venture Partnership (Wells Fund XIII-REIT Joint Venture), a joint venture partnership between Wells OP and Wells Real Estate Fund XIII, L.P. (Wells Fund XIII), purchased a four-story office building on a 2.7-acre tract of land located at 5550 Prairie Stone Parkway in Hoffman Estates, Illinois (AIU Chicago Building) for a purchase price of $26.3 million, plus closing costs.

Wells OP contributed approximately $24.0 million and Wells Fund XIII contributed $3 million to the Wells Fund XIII REIT Joint Venture for their respective shares of the acquisition costs for the AIU Chicago Building. Subsequent to the acquisition of the AIU Chicago Building, Wells OP held an equity percentage interest in the Wells Fund XIII REIT Joint Venture of approximately 71.89%, and Wells Fund XIII held an equity percentage interest in the Wells Fund XIII REIT Joint Venture of approximately 28.11%.

The AIU Chicago Building, which was completed in 1999, contains approximately 193,700 rentable square feet and is primarily leased under a net lease to American InterContinental University, Inc. (AIU) (approximately 66%). Approximately 31% of the AIU Chicago Building is leased to four additional tenants, and approximately 3% of the AIU Chicago Building is currently vacant.

AIU is a wholly owned subsidiary of EduTrek International, Inc., which is a wholly owned subsidiary of Career Education Corporation (Career Education), a company whose shares are publicly traded on NASDAQ. AIU provides post-secondary education at campuses in Los Angeles, Houston, Fort Lauderdale, London and Atlanta. AIU also provides an online Internet degree program. Career Education, the guarantor of the AIU lease, provides private for-profit post-secondary education at over 75 schools, colleges and universities worldwide. Career Education reported a net worth, as of December 31, 2003, of approximately $748 million.

The AIU lease expires in June 2008, except for approximately 48,933 rentable square feet of the AIU lease (Expansion Space) which expires in December 2010. The current annual base rent payable under the AIU lease is approximately $1.7 million. The AIU lease prohibits the Wells Fund XIII REIT Joint Venture from leasing any space in the AIU Chicago Building to any business which offers post-high school or corporate training as its primary function.

The current aggregate annual base rent for the remaining four tenants in the AIU Chicago Building is approximately $0.8 million.

17

Table of Contents

1901 Main Irvine Building

On September 17, 2003, Wells OP purchased an eight-story office building containing approximately 172,000 aggregate rentable square feet located on an approximately 4.8-acre tract of land at 1901 Main Street in Irvine, California (1901 Main Irvine Building) for a purchase price of $45.5 million, plus closing costs.

The 1901 Main Irvine Building, which was built in 2001, is leased to BNC Mortgage, Inc. (BNC) (approximately 43%), Aon Service Corporation (Aon) (approximately 26%), General Electric Capital Corporation (GE Capital) (approximately 13%), Citigroup Global Markets Inc. (Citigroup) (approximately 13%) and Alliance Bank (Alliance) (approximately 5%).

BNC is a privately-held corporation engaged in the business of originating, purchasing and selling non-conforming residential mortgage loans. BNC originates loans through a nationwide network of independent mortgage brokers through its full service branch offices and at closing was ranked as one of the nation s top 100 mortgage lenders according to National Mortgage News. The annual base rent at closing under the BNC lease, which expires in 2008, was approximately $2.0 million. In addition, BNC has a right of first refusal to lease additional space in the 1901 Main Irvine Building should space become available, subject to certain expansion rights and rights of first offer of Aon, GE Capital, Citigroup and Alliance.

The aggregate annual base rent at closing for the remaining four tenants in the 1901 Main Irvine Building, was approximately $2.3 million.

Sale of the Cort Furniture Building

On September 11, 2003, Wells/Orange County Associates (Cort Joint Venture), a joint venture partnership between Wells OP and Fund X and Fund XI Associates, sold a warehouse and office building containing approximately 52,000 rentable square feet located in Fountain Valley, California (Cort Furniture Building) for a $5.77 million sales price.

Wells OP held an approximately 43.6% equity percentage interest in the Cort Joint Venture. The net sale proceeds allocable to Wells OP as a result of the sale of the Cort Furniture Building were approximately $2.4 million. Wells OP recognized a loss of approximately $0.2 million from the sale of the Cort Furniture Building.

Polo Ralph Lauren Newark Building

On September 5, 2003, Wells OP purchased a 10-story office building containing approximately 268,000 rentable square feet located on an approximately 6.15-acre tract of land at 9 Polito Avenue in Lyndhurst, New Jersey (Polo Ralph Lauren Newark Building) for a purchase price of approximately $46.6 million, plus closing costs.

The Polo Ralph Lauren Newark Building, which was built in 1986, is primarily leased to Polo Ralph Lauren Corporation (Polo) (approximately 60%). Approximately 32% of the Polo Ralph Lauren Newark Building is leased to ten additional tenants, and approximately 8% of the Polo Ralph Lauren Newark Building is currently vacant.

Polo designs, manufactures, and distributes products such as apparel, accessories, fragrances, and home products. Polo, a company whose shares are publicly traded on the New York Stock Exchange (NYSE), operates through numerous brand names, including Polo, Polo Sport, Ralph Lauren, and

18

Table of Contents

Chaps. Polo reported a net worth, as of December 27, 2003, of approximately $1.3 billion and Polo s senior unsecured debt was rated by S&P as BBB and by Moody s as Baa2. The annual base rent at closing under the Polo lease, which expires in 2008, was approximately $3.0 million. In addition, Polo has a right of first refusal to lease additional space in the Polo Ralph Lauren Newark Building should space become available.

The aggregate annual base rent at closing for the remaining ten tenants in the Polo Ralph Lauren Newark Building was approximately $2.3 million.

Continental Casualty Orange County Building

On August 29, 2003, Wells OP purchased a three-story office building containing approximately 134,000 rentable square feet located on a approximately 7.8-acre tract of land at 675 Placentia Avenue in Brea, California (Continental Casualty Orange County Building) for a purchase price of approximately $25.6 million, plus closing costs.

The Continental Casualty Orange County Building, which was built in 2003, is entirely leased to Continental Casualty Company (Continental Casualty) (approximately 84%) and Phoenix American Insurance Group, Inc. (Phoenix) (approximately 16%).

Continental Casualty, which has its corporate headquarters in Chicago, Illinois, is a subsidiary of CNA Financial Corporation (CNA). CNA is a global insurance organization providing businesses and individuals with a wide range of insurance products and insurance-related services. Continental Casualty, along with other CNA affiliates, conducts the property and casualty insurance operations of CNA.

The annual base rent at closing under the Continental Casualty lease, which expires in 2013, was approximately $2.7 million. Continental Casualty has the right to terminate the Continental Casualty lease in 2010 by paying a termination fee equal to various unamortized allowances, commissions, fees and concessions incurred by the landlord in connection with the Continental Casualty lease, which is currently estimated to be approximately $2.7 million. The Continental Casualty lease prohibits Wells OP from leasing any space in the Continental Casualty Orange County Building to 22 competitor insurance companies. In addition, Continental Casualty has various expansion options and a right of first refusal to lease additional space in the Continental Casualty Orange County Building.

Phoenix is an independent service contract and mechanical breakdown insurance administrator with corporate offices in Miami, Florida. Phoenix provides comprehensive insurance coverage for automobiles, motorcycles, recreational vehicles, travel trailers, and marine craft to individual consumers, car dealers, credit unions, and lending institutions. The annual base rent at closing under the Phoenix lease, which expires in 2008, was approximately $0.5 million.

Applera Pasadena Building

On August 21, 2003, Wells OP, through Wells REIT Pasadena, CA, L.P., a Delaware limited partnership a wholly-owned by Wells OP, purchased a five-story office building containing approximately 176,000 rentable square feet located on an approximately 1.9-acre tract of land at 1055 East Colorado Boulevard in Pasadena, California (Applera Pasadena Building) for a purchase price of approximately $37.9 million, plus closing costs.

The Applera Pasadena Building, which was built in 2001, is primarily leased to Paracel, Inc. (Paracel) (approximately 48%). Approximately 28% of the Applera Pasadena Building is leased to six additional tenants, and approximately 24% of the Applera Pasadena Building is currently vacant.

19

Table of Contents

Paracel, a wholly-owed subsidiary of Applera Corporation (Applera), is a provider of high-performance genomic data and text analysis systems for the pharmaceutical, biotechnology, academic and government markets. Applera, the guarantor of the Paracel lease, is a worldwide life sciences and genomics company with headquarters in Norwalk, Connecticut. Applera provides technology and information solutions to scientists through its two business units, Applied Biosystems Group and Celera Genomics Group. Applera reported a net worth, as of December 31, 2003, of approximately $2.3 billion.

The annual base rent at closing under the Paracel lease, which expires in 2011, was approximately $2.6 million. Paracel is actively marketing a majority of its current space for sublease. Paracel and Applera will remain liable for any subleased space in the Applera Pasadena Building.

The aggregate annual base rent at closing for the remaining six tenants in the Applera Pasadena Building was approximately $1.5 million.

Aventis Northern NJ Building

On August 14, 2003, Wells OP, through Wells Bridgewater I, LLC (Wells Bridgewater), a single member Georgia limited liability company wholly-owned by Wells OP, purchased an eight-story office building containing approximately 297,000 rentable square feet located on an approximately 10.47-acre tract of land at 200 Crossing Boulevard in Bridgewater, New Jersey (Aventis Northern NJ Building) for a purchase price of $96.3 million, plus closing costs.

The entire Aventis Northern NJ Building is leased to Aventis, Inc. (Aventis), the U.S. pharmaceuticals division and a subsidiary of Aventis SA, a French company whose shares are publicly traded on the NYSE. Aventis Pharma AG, an affiliate of Aventis and a subsidiary of Aventis SA is a guarantor of the Aventis lease. Aventis develops pharmaceutical products in areas such as oncology, cardiology, diabetes, respiratory/allergy and anti-infectives. The annual net base rent at closing under the Aventis lease, which expires in 2012, was approximately $7.3 million.

Cingular Atlanta Building

On August 1, 2003, Wells OP purchased a 19-story office building containing approximately 413,000 rentable square feet located on an approximately 5.2-acre tract of land at 5565 Glenridge Connector, N.E. in Atlanta, Georgia (Cingular Atlanta Building) for a purchase price of approximately $83.9 million, plus closing costs.

The Cingular Atlanta Building, which was built in 2000, is primarily leased to Cingular Wireless, LLC (Cingular) (approximately 76%). Approximately 21% of the Cingular Atlanta Building is leased to four additional tenants, and approximately 3% of the Cingular Atlanta Building is currently vacant.

Cingular is a joint venture between the domestic wireless divisions of SBC Communications, Inc. and BellSouth Corporation. Cingular serves millions of voice and data customers across the United States, provides cellular/PCS service in many of the top 50 markets nationwide, and provides corporate e-mail and other advanced data services. Cingular reported a net worth, as of December 31, 2003, of approximately $8.5 billion.

The annual base rent at closing under the Cingular lease, which expires in 2010, was approximately $8.9 million. Cingular has the right to terminate the Cingular lease in 2008 by paying a termination fee equal to all unamortized tenant improvement allowances and leasing commissions incurred by the landlord in connection with the Cingular lease, which is currently estimated to be approximately $2.7 million. The Cingular lease prohibits Wells OP from leasing any space in the Cingular Atlanta Building to another tenant in the telecommunications business.

The aggregate annual base rent at closing for the remaining four tenants was approximately $2.0 million.

Table of Contents

Lockheed Martin Rockville Buildings

On July 30, 2003, Wells OP purchased all of the membership interest in Meridian/Northwestern Shady Grove North, LLC (North), a single member Delaware limited liability company, which owns two four-story office buildings containing approximately 231,000 aggregate rentable square feet located on an approximately 8.91-acre tract of land at 9211 & 9221 Corporate Boulevard in Rockville, Maryland (Lockheed Martin Rockville Buildings) for a purchase price of approximately $51.6 million, plus closing costs.

The entire rentable square feet of the Lockheed Martin Rockville Buildings are leased under two separate lease agreements to Lockheed Martin Corporation (Lockheed Martin). Lockheed Martin, a company whose shares are publicly traded on the NYSE, is a technology company formed in March of 1995 with the merger of two other technology companies, Lockheed Corporation and Martin Marietta Corporation. Lockheed Martin is principally engaged in the research, design, development, manufacture and integration of advanced technology systems, products and services. Lockheed Martin reported a net worth, as of December 31, 2003, of approximately $6.7 billion. The aggregate annual base rent at closing under the Lockheed Martin leases, which expire in 2009, was approximately $4.7 million.

ISS Atlanta III Building

On July 1, 2003, Wells OP purchased a three-story office building containing approximately 50,400 rentable square feet (ISS Atlanta III Building) located at 859 Mount Vernon Highway in Atlanta, Georgia for a purchase price of $10.0 million, plus closing costs. The ISS Atlanta III Building is the third building in a three building complex. In 2002, Wells OP purchased two five-story office buildings containing approximately 238,600 aggregate rentable square feet which are immediately adjacent to the ISS Atlanta III Building.

The entire rentable area of the ISS Atlanta III Building is leased to Internet Security Systems, Inc., a Georgia corporation (ISS). The ISS Atlanta lease is guaranteed by the parent of ISS, Internet Security Systems, Inc., a Delaware corporation (ISS, Inc.), whose shares are traded on NASDAQ. ISS, Inc. provides computer security solutions to networks, servers and desktop computers for organizational customers, including corporate customers and governmental units. ISS, Inc. reported a net worth, as of December 31, 2003, of approximately $486.3 million.

The ISS Atlanta III lease is a net lease which expires in 2013. The annual base rent at closing under the ISS Atlanta III lease was approximately $1.0 million. In addition, ISS has obtained a $2.5 million letter of credit from Wachovia Bank, N.A. to serve as additional security for payments under the lease. On December 31, 2003, the Development Authority of Fulton County (Development Authority) granted certain tax abatement benefits in connection with the recent construction of the ISS Atlanta III Building. To achieve the tax abatement, Wells OP was required to transfer fee simple title to the land and improvements to the Development Authority in connection with the issuance of $10 million in Development Authority of Fulton County Taxable Revenue Bonds (Bonds) and retained ownership of an interest in the ISS Atlanta III Building by taking back a ground lease on the land and improvements which expires in 2015. Fee title interest to the land and improvements will be transferred back to Wells OP upon payment of the outstanding balance on the Bonds, either by prepayment by Wells OP or at the expiration of the ground lease.

Since the ISS Atlanta III Building is leased to a single tenant on a long-term basis under a net lease that transfers substantially all of the operating costs to the tenant, we believe that financial information about the guarantor of the lease, ISS, Inc., is more relevant to investors than financial statements of the property acquired.

21

Table of Contents

ISS, Inc. currently files its financial statements in reports filed with the SEC, and the following summary financial data regarding ISS, Inc. is taken from its previously filed public reports:

	For the Fiscal Year Ended		
	December 31, 2003	December 31, 2002	December 31, 2001
		(in thousands)	
Consolidated Statements of Operations:			
Revenues	$ 245,781	$ 243,285	$ 223,559
Operating Income	$ 29,596	$ 8,023	$ (24,158)
Net Income	$ 19,737	$ 1,779	$ (15,458)

	As of the Fiscal Year Ended	
	December 31, 2003	December 31, 2002
	(in thousands)	
Consolidated Balance Sheets:		
Total Assets	$ 581,282	$ 546,568
Stockholders Equity	$ 486,343	$ 464,556

For more detailed financial information regarding ISS, Inc., please refer to the financial statements of Internet Security Systems, Inc., which are publicly available with the SEC at http://www.sec.gov.

IBM Reston Buildings

On June 27, 2003, Wells OP purchased a six-story office building and a two-story office building containing approximately 141,000 aggregate rentable square feet located on an approximately 4.56-acre tract of land at 11107 & 11109 Sunset Hills Road in Reston, Virginia (IBM Reston Buildings) for a purchase price of approximately $28.6 million, plus closing costs.

The IBM Reston Buildings, which were built in 1984 and 1985, respectively, are leased to International Business Machines Corporation (IBM) (approximately 71%) and Tellabs Reston, Inc. (Tellabs) (approximately 29%).

IBM, a company whose shares are publicly traded on the New York Stock Exchange (NYSE), manufactures and sells computer services, hardware and software and is the most diversified provider of computer products and services in the United States. IBM reported a net worth, as of December 31, 2003, of approximately $27.9 billion. The annual base rent at closing under the IBM lease, which expires in 2012, was approximately $2.4 million. In addition, IBM has the right to terminate the IBM lease (1) in 2007 by paying an approximately $2.3 million termination fee, or (2) in 2009 by paying an approximately $1.1 million termination fee.

Tellabs is a wholly-owned subsidiary of Tellabs, Inc., a company whose shares are publicly traded on NASDAQ which designs, manufactures, markets and services optical networking, broadband access and voice-quality enhancement solutions. The annual base rent at closing under the Tellabs lease, which expires in 2011, is approximately $1.2 million. In addition, Tellabs has obtained an approximately $2.5 million letter of credit from Silicon Valley Bank to serve as additional security for payments under the lease.

GMAC Detroit Building

On May 9, 2003, Wells OP purchased a three-story office building containing approximately 119,122 rentable square feet located on an approximately 7.3-acre tract of land at 900 Squirrel Road in Auburn Hills, Michigan (GMAC Detroit Building) for a purchase price of approximately $17.8 million,

22

Table of Contents

plus closing costs.

The GMAC Detroit Building, which was built in 2001, is leased to General Motors Acceptance Corp (GMAC) (approximately 50%) and Delmia Corp. (Delmia) (approximately 36%). Approximately 14% of the GMAC Detroit Building is vacant. Wells OP entered into an earn-out agreement with the seller at closing, pursuant to which Wells OP is required to pay the seller certain amounts for each new lease executed before November 8, 2004 for any portion of the currently vacant space.

GMAC, a wholly-owned subsidiary of General Motors Corporation, provides financing, mortgage, and insurance services directly and through its subsidiaries to consumers and businesses on a global basis. GMAC reported a net worth, as of December 31, 2003, of approximately $20.2 billion. The annual base rent at closing under the GMAC lease, which expires in 2007, was approximately $1.4 million.

Delmia designs digital manufacturing software products for process planning, detailing, verification and simulation of digital factories. Delmia, which has its corporate headquarters in the GMAC Detroit Building, is a subsidiary of Dassault Systemes, S.A. (Dassault), a French corporation. Dassault, which is a guarantor of the Delmia lease, provides product lifecycle management software using three-dimensional digital technology. Dassault reported a net worth, as of December 31, 2002, of approximately $723 million.

The Delmia lease commenced in January 2003 and expires in July 2013. The annual base rent at closing under the Delmia lease was approximately $0.9 million. Delmia also has a right of first refusal to lease additional available space in the GMAC Detroit Building during the first two years of the Delmia lease and a right of first offer on available space for the remainder of the Delmia lease. Delmia, at its option, may terminate the Delmia lease at the end of the 66th month by paying a termination fee of approximately $1 million plus certain other costs and commissions.

Aon Center Chicago Building

On May 9, 2003, Wells OP, through Wells REIT Chicago Center, Chicago, LLC (REIT Chicago Center), a single member Delaware limited liability company wholly-owned by Wells OP, purchased an 83-story office building containing approximately 2,577,000 rentable square feet located at 200 East Randolph Street in Chicago, Illinois (Aon Center Chicago Building) for a purchase price of approximately $465.2 million plus closing costs.

The Aon Center Chicago Building, which was built in 1972 and is located on an approximately 3.7-acre tract of land in downtown Chicago, is the third tallest building in North America. The Aon Center Chicago Building is leased or subleased to approximately 40 different tenants. BP Corporation North America Inc., Aon Corporation, Kirkland & Ellis, DDB & Needham Chicago Inc., Daniel J. Edelman, Inc., Deloitte and Touche USA LLP, and Jones Lang LaSalle Americas, Inc. lease or sublease, in the aggregate, approximately 1,759,000 rentable square feet (68.3%) of the Aon Center Chicago Building. The other tenants lease approximately 622,000 rentable square feet (24.1%) of the Aon Center Chicago Building for an aggregate annual base rent payable of approximately $7.9 million. Approximately 196,000 rentable square feet (7.6%) of the Aon Center Chicago Building is vacant.

Approximately 30% of the Aon Center Chicago Building is leased to BP Corporation North America Inc. (BP Corporation), a wholly-owned subsidiary of BP p.l.c. (BP), a British public limited company which is one of the leading oil companies in the world. BP Corporation controls operations in North America for BP.

The BP Corporation lease is a net lease which expires in December 2013. The annual base rent at closing under the BP Corporation lease was approximately $15.6 million. BP Corporation also has an option to lease an additional floor in the Aon Center Chicago Building, as well as a right of first offer to

23

Table of Contents

lease additional available space, subject to various restrictions. Further, BP Corporation has a right of first offer to purchase the Aon Center Chicago Building upon a subsequent sale of the Aon Center Chicago Building by REIT Chicago Center, subject to various restrictions.

BP Corporation has subleased approximately 20% of the Aon Center Chicago Building to Aon Corporation (Aon). The Aon sublease expires in December 2013. The annual base rent at closing to BP Corporation under the Aon sublease was approximately $6.9 million. Aon, which has its headquarters located in the Aon Center Chicago Building, is a holding company whose subsidiaries provide insurance brokerage, consulting, and insurance underwriting services. Aon reported a net worth, as of December 31, 2003, of approximately $4.5 billion.

Approximately 14% of the Aon Center Chicago Building is leased to Kirkland & Ellis, a law firm with offices in Chicago, Washington, D.C., New York, Los Angeles, San Francisco, and London. Kirkland & Ellis handles matters for national and international clients. The Kirkland & Ellis lease is a net lease which expires in December 2011. The annual base rent at closing under the Kirkland & Ellis lease was approximately $4.8 million. Kirkland & Ellis also has an option to lease additional available space in the Aon Center Chicago Building, and a right of first offer to lease additional space on the 47th, 50th, 51st, 52nd, and 66th floors. Kirkland & Ellis has exercised a right of first offer to lease additional available space in the Aon Center Chicago Building on the 65th and 67th floors beginning in 2004 and 2005 respectively.

Approximately 10% of the Aon Center Chicago Building is leased to DDB & Needham Chicago Inc. (DDB), which has its corporate headquarters in the Aon Center Chicago Building. DDB is an advertising and marketing firm with offices worldwide. DDB is a wholly-owned subsidiary of Omnicom Group, Inc. (Omnicom), which is a guarantor of the DDB lease. Omnicom is one of the largest advertising and corporate communications companies in the world. Omnicom reported a net worth, as of December 31, 2003, of approximately $3.5 billion. The DDB lease is a net lease which expires in June 2018. The annual base rent at closing under the DDB lease was approximately $4.3 million. DDB has an option and a right of first offer to lease space on the 34th floor in the Aon Center Chicago Building. In addition, the DDB lease provides DDB with the right to reduce its leased space by between 10,000 and 50,000 square feet if DDB experiences reduced advertising account revenue.

Approximately 5% of the Aon Center Chicago Building is leased to Daniel J. Edelman, Inc. (Edelman), the parent company of Edelman Public Relations Worldwide. Edelman Public Relations Worldwide is a large privately held public relations firm with 38 offices worldwide and has its corporate headquarters in the Aon Center Chicago Building. The Edelman lease is a net lease which expires in February 2010. The annual base rent at closing under the Edelman lease was approximately $1.9 million. Edelman has a right of third offer to lease additional space on the 78th floor of the Aon Center Chicago Building.

Approximately 5% of the Aon Center Chicago Building is leased to Deloitte and Touche USA LLP (Deloitte), a professional services organization which provides assurance and advisory, tax, and consulting services worldwide. The annual base rent payable under the Deloitte lease, which expires in June 2005, is approximately $3.9 million.

Approximately 5% of the Aon Center Chicago Building is leased to Jones Lang LaSalle Americas, Inc. (Jones Lang), which has its corporate headquarters in the Aon Center Chicago Building. Jones Lang is a real estate services and investment company with offices worldwide. Jones Lang s operations include space acquisition and disposition, facilities and property management, project and development management services, leasing, buying and selling properties, consulting and capital markets expertise. Jones Lang reported a net worth, as of December 31, 2003, of approximately $444 million. The Jones Lang lease is a net lease which expires in February 2006. The annual base rent at closing under the Jones Lang lease was approximately $1.4 million. Jones Lang has a right of first offer to lease additional space on the 42nd floor of the Aon Center Chicago Building.

Table of Contents

US Bancorp Minneapolis Building

On May 1, 2003, Wells OP purchased a 32-story office building containing approximately 929,694 rentable square feet located on approximately 1.2-acre at 800 Nicollet Mall, Minneapolis, Minnesota (US Bancorp Minneapolis Building) for a purchase price of $174 million, plus closing costs.

The US Bancorp Minneapolis Building, which was built in 2000, is leased to approximately 29 different tenants. U.S. Bancorp Piper Jaffray Companies, Inc. (US Bancorp Piper Jaffray) leases approximately 77% of the US Bancorp Minneapolis Building. US Bancorp Piper Jaffray is currently a wholly-owned subsidiary of U.S. Bancorp. U.S. Bancorp, which is a guarantor of the US Bancorp Piper Jaffray lease, is a financial services holding company having its corporate headquarters in Minneapolis, Minnesota. U.S. Bancorp reported a net worth, as of December 31, 2003, of approximately $19.4 billion. US Bancorp Piper Jaffray provides investment products and services, including securities, mutual funds and annuities, and insurance products, to individuals, institutions and businesses. In December 2003, U.S. Bancorp spun off its capital markets business unit, including US Bancorp Piper Jaffray. In connection with the spin-off, shareholders of U.S. Bancorp received a stock dividend of the shares in US Bancorp Piper Jaffray, as a result of which US Bancorp Piper Jaffray became an independent company and is no longer a wholly-owned subsidiary of U.S. Bancorp. U.S. Bancorp will remain as a guarantor of the US Bancorp Piper Jaffray lease after the spin-off.

The annual base rent at closing under the US Bancorp Piper Jaffray lease, which expires in 2014, was approximately $10.8 million. US Bancorp Piper Jaffray has options to lease additional available space in the US Bancorp Minneapolis Building in 2004, 2006, 2008, 2010, and 2012.

The other 28 tenants lease approximately 22% of the US Bancorp Minneapolis Building for an aggregate annual base rent payable of approximately $3.7 million. Approximately 1% of the US Bancorp Minneapolis Building is currently vacant.

Citicorp Englewood Cliffs, NJ Building

On April 30, 2003, Wells OP purchased a three-story office building containing approximately 410,000 rentable square feet located on an approximately 27-acre tract of land at 111 Sylvan Avenue in Englewood Cliffs, New Jersey (Citicorp Englewood Cliffs, NJ Building) for a purchase price of $70.5 million, plus closing costs.

The Citicorp Englewood Cliffs, NJ Building, which was originally built in 1953 and renovated in 1998, is leased under a net lease entirely to Citicorp North America, Inc. (Citicorp North America), a wholly-owned subsidiary of Citicorp, Inc. (Citicorp). Citicorp, which is a guarantor of the Citicorp North America lease, is a financial services holding company whose four main business segments include consumer financial services, corporate and institutional financial services, investment management services, and private investment services. Citicorp provides its services worldwide.

The annual base rent at closing under the Citicorp North America lease, which expires in 2010, was approximately $6.0 million. Since the Citicorp Englewood Cliffs, NJ Building is leased to a single tenant on a long-term basis under a net lease that transfers substantially all of the operating costs to the tenant, we believe that financial information about the guarantor of the lease, Citicorp, is more relevant to investors than financial statements of the property acquired.

Table of Contents

Citicorp currently files its financial statements in reports filed with the SEC, and the following summary financial data regarding Citicorp is taken from its previously filed public reports:

	For the Fiscal Year Ended		
	December 31, 2003	December 31, 2002	December 31, 2001
		(In Millions)	
Consolidated Statements of Operations:			
Revenues	$ 67,650	$ 66,401	$ 67,266
Operating Income	$ 19,646	$ 16,166	$ 15,221
Net Income	$ 13,541	$ 10,709	$ 9,642

	As of the Fiscal Year Ended	
	December 31, 2003	December 31, 2002
	(In Millions)	
Consolidated Balance Sheets:		
Total Assets	$ 820,173	$ 727,737
Long-Term Debt	$ 102,234	$ 78,372
Stockholders Equity	$ 81,794	$ 73,540

For more detailed financial information regarding Citicorp, please refer to the financial statements of Citicorp, Inc., which are publicly available with the SEC at http://www.sec.gov.

150 West Jefferson Detroit Building

On March 31, 2003, Wells OP purchased a 25-story office building containing approximately 505,417 rentable square feet on an approximately 1.5-acre tract of land located at 150 West Jefferson Avenue, downtown Detroit, Michigan (150 West Jefferson Detroit Building) for a purchase price of approximately $93.8 million, plus closing costs.

The 150 West Jefferson Detroit Building, which was built in 1989, is leased to approximately 17 different tenants. Miller, Canfield, Paddock & Stone (Miller Canfield), Butzel Long PC (Butzel Long) and MCN Energy Group, Inc., formerly known as MCN Corporation (MCN) lease, in the aggregate, approximately 62% of the 150 West Jefferson Detroit Building. The other 14 tenants lease approximately 38% of the 150 West Jefferson Detroit Building for an aggregate annual base rent payable of approximately $3.9 million. Less than 1% of the 150 West Jefferson Detroit Building is vacant.

Approximately 26% of the 150 West Jefferson Detroit Building is leased to Miller Canfield, a law firm with offices in the state of Michigan, as well as offices in New York, Florida, Washington, D.C., Canada, and Poland. Miller Canfield engages in a variety of practice areas such as litigation, employment, real estate, business and bankruptcy.

The Miller Canfield lease expires in 2009, except for the lease of the 14th and 20th floors, which expires in June 2004. The annual base rent at closing under the Miller Canfield lease was approximately $2.3 million. Miller Canfield has a right of first refusal to lease any additional available space in the 150 West Jefferson Detroit Building.

Approximately 20% of the 150 West Jefferson Detroit Building is leased to Butzel Long, a Michigan-based law firm with five offices in Michigan and two offices in Florida. Butzel Long has provides services in a wide variety of legal practice areas. Butzel Long serves clients from numerous business sectors, including automotive, manufacturing, banking and financial services, retail and wholesale distribution, insurance, professional services, health care, advertising, media, publishing, technology and computers, utilities and real estate.

The annual base rent at closing under the Butzel Long lease, which expires in 2013, was approximately $1.8 million. Butzel Long has a right of first refusal to lease any additional available space accessible by the low rise bank of elevators in the 150 West Jefferson Detroit Building.

Table of Contents

Approximately 16% of the 150 West Jefferson Detroit Building is leased to MCN, a wholly-owned subsidiary of DTE Energy Company (DTE), as a result of the acquisition by DTE of all of MCN s stock in May 2001. DTE is a Michigan corporation with corporate headquarters in Detroit, Michigan, and is a leader in the gas and energy service industry. MCN, through its primary subsidiary, Michigan Consolidated Gas Company, specializes in the natural gas distribution industry. The annual base rent at closing under the MCN lease, which expires in 2006, was approximately $1.8 million.

Nissan Building

In March 2003, the construction of the Nissan Building, a three-story office building containing approximately 268,290 rentable square feet in Irving, Texas, was substantially completed. The aggregate cost and expenses incurred by Wells OP with respect to the acquisition and construction of the Nissan Building totaled approximately $41.7 million, which is within the budgeted amount for the property. Nissan Motor Acceptance Corporation (Nissan) commenced occupancy of the building under a net lease agreement on April 1, 2003. The construction was financed through a loan that was paid off in March 2003, when the building was substantially completed.

The Nissan Building is leased to Nissan, which is a wholly-owned subsidiary of Nissan North America, Inc. (NNA), a guarantor of Nissan s lease. NNA handles the North American business sector of its Japanese parent, Nissan Motor Company, Ltd. As a subsidiary of NNA, Nissan purchases retail and lease contracts from, and provides wholesale inventory and mortgage loan financing to, Nissan and Infiniti retailers. The annual base rent for the Nissan lease, which expires in 2013, is approximately $4.2 million.

East Point Buildings

On January 9, 2003, Wells OP purchased two three-story office buildings containing approximately 187,735 aggregate rentable square feet located at 6085 Parkland Boulevard (East Point I) and 6095 Parkland Boulevard (East Point II) in Mayfield Heights, Ohio (collectively, East Point Buildings) for a purchase price of approximately $23.4 million (including earnout payments), plus closing costs.

East Point I is leased under a net lease entirely to Progressive Casualty Insurance Company (Progressive Casualty). Progressive Casualty is the principal operating subsidiary of Progressive Corporation (Progressive Corp.), the fourth largest auto insurance company in the United States. Progressive Corp., a public company traded on the NYSE, provides various insurance products, including personal automobile insurance, D&O insurance and employee misconduct insurance.

The annual base rent at closing under the Progressive Casualty lease, which expires in 2012, was approximately $1.0 million. Progressive Casualty has a right of first offer to lease additional space in the East Point Buildings upon space becoming available, which is subordinate to the rights of the tenants of East Point II described below. In addition, Progressive Casualty has a right of first offer to purchase the East Point Buildings, which right is also subordinate to the right of The Austin Company (Austin) to purchase the East Point Buildings upon the landlord s receipt of a third-party offer. If Wells OP subdivides East Point I and East Point II, Progressive Casualty s right of first offer will then apply only to East Point I.

Approximately 83% of East Point II is currently leased to Austin, Danaher Power Solutions LLC (Danaher) and Moreland Management Co. (Moreland). Approximately 17% of East Point II is vacant. The annual base rent at closing for these three tenants was approximately $1.7 million.

Table of Contents

Nestle Building

On December 20, 2002, Wells OP, through Wells REIT Glendale, CA, LLC (REIT Glendale), a Georgia limited liability company wholly-owned by Wells OP, purchased a 20-story office building containing approximately 505,115 rentable square feet located on an approximately 4.0-acre tract of land at 800 N. Brand Boulevard in Glendale, California (Nestle Building) for a purchase price of $157 million, plus closing costs.

Approximately all of the Nestle Building, which was built in 1990, is leased to Nestle USA, Inc. (Nestle USA), a wholly-owned subsidiary of Nestle S.A., a Swiss company. Nestle USA operates manufacturing centers which produce various foods and beverages, including chocolate, prepared foods, juices and milk products. Some of Nestle USA s famous brands include Stouffer s, Carnation, Libby s, Taster s Choice and Nestle.

The annual base rent at closing under the Nestle USA lease, which expires in 2010, was approximately $14.8 million. Nestle also has a right of first refusal to lease any additional available space in the Nestle Building.

John Wiley Indianapolis Building

On December 12, 2002, the Wells Fund XIII REIT Joint Venture purchased a four-story office building containing approximately 141,000 rentable square feet on a 10.28 acre tract of land located at 10475 Crosspoint Boulevard in Fishers, Indiana (John Wiley Indianapolis Building) for a purchase price of approximately $17.5 million, plus closing costs.

Wells OP contributed $8,928,915 and Wells Fund XIII contributed $8,577,787 to the Wells Fund XIII REIT Joint Venture to fund their respective shares of the acquisition costs for the John Wiley Indianapolis Building.

The John Wiley Indianapolis Building, which was built in 1999, is leased to John Wiley & Sons, Inc. (John Wiley), United Student Aid Funds, Inc. (USA Funds) and Robert Half International, Inc. (Robert Half). The annual base rent at closing for these three tenants is approximately $2.2 million.

John Wiley, as the primary tenant, occupies approximately 88% of the John Wiley Indianapolis Building. John Wiley, a New York corporation publicly traded on the New York Stock Exchange (NYSE), publishes books and journals in print and electronic media specializing in scientific, technical, medical, professional, and educational materials. John Wiley has operations in the United States, Europe, Canada, Asia, and Australia. John Wiley reported a net worth, as of April 30, 2003, of approximately $344 million. The John Wiley lease expires in October 2009. John Wiley is obligated to lease the remaining 17,373 rentable square feet of the John Wiley Indianapolis Building upon the expiration of the USA Funds lease and the Robert Half lease.

Capital One Richmond Buildings

On November 26, 2002, Wells OP purchased two three-story office buildings from Highwoods Realty Limited Partnership (Highwoods Realty) and one three-story an office building from Highwoods/Florida Holdings, L.P. (Highwoods Florida) located on an approximately 15.3-acre tract of land in Glen Allen, Virginia (Capital One Richmond Buildings) for an aggregate purchase price of approximately $28.5 million, plus closing costs.

The Capital One Richmond Buildings, which were built in 1999 and contain an aggregate of 225,220 rentable square feet, are located at 100, 120 & 140 Eastshore Drive in Glen Allen, Virginia. Each of the Capital One Richmond Buildings is leased entirely to Capital One Services, Inc. (Capital One) under separate net lease agreements, two of which expire in 2010, and one which expires in 2004.

Table of Contents

Capital One, a wholly-owned subsidiary of Capital One Financial Corporation (Capital One Financial), provides various operating, administrative and other services to Capital One Financial. Capital One Financial s primary focus is on credit card lending, but it also engages in unsecured installment lending and automobile financing. The aggregate annual base rent at closing for the Capital One Richmond Buildings was approximately $2.7 million.

Highwoods Properties, Inc. (Highwoods), an affiliate of Highwoods Realty, Highwoods Florida and the seller of the Caterpillar Nashville Building (described below), has provided a guarantee of each of the leases for the Capital One Richmond Buildings. Highwoods has guaranteed the leases for the Capital One Richmond I Building and the Capital One Richmond III Building for the first five years of ownership by Wells OP. Highwoods has also guaranteed the lease for the Capital One Richmond II Building for the remainder of the current lease term and for any shortfall in rental income from May 2004 until November 2007 following the expiration of the current lease for the Capital One Richmond II Building. In addition, if the Capital One Richmond II lease expires or is terminated at any time prior to November 2007 and Highwoods provides Wells OP with a suitable replacement tenant which Wells OP declines, Highwoods has the right to repurchase the Capital One Richmond II Building at a purchase price of approximately $10.1 million. This repurchase right expires if Highwoods fails to exercise such right within 30 days of Wells OP declining a suitable tenant. Further, in the event that Highwoods exercises its right to repurchase, Wells OP, at its option, may rescind the Highwoods right to repurchase within ten days of such exercise, provided that the act of rescinding the repurchase right will release Highwoods from its rental income guaranty with respect to the Capital One Richmond II Building. Highwoods, a public company traded on the New York Stock Exchange, is a self-administered real estate investment trust that provides leasing, management, development, construction and other tenant-related services for its properties and for third parties. Highwoods reported a net worth, as of December 31, 2003, of approximately $1.5 billion.

Caterpillar Nashville Building

On November 26, 2002, Wells OP purchased all of the membership interests in 2120 West End Avenue, LLC, a single member Delaware limited liability company, which owned an 11-story office building containing approximately 312,000 rentable square feet located at 2120 West End Avenue in Nashville, Tennessee (Caterpillar Nashville Building) for a purchase price of approximately $61.5 million, plus closing costs. Subsequent to this acquisition, Wells OP dissolved 2120 West End Avenue, LLC and became the direct owner of the Caterpillar Nashville Building.

The Caterpillar Nashville Building, which was built in 2000, is leased to Caterpillar Financial Services Corporation (Caterpillar), Thoughtworks, LLC (Thoughtworks) and Highwoods.

Caterpillar, as the primary tenant, occupies approximately 96% of the Caterpillar Nashville Building. Caterpillar is a wholly owned subsidiary of Caterpillar, Inc. Caterpillar offers financing alternatives for various products manufactured by Caterpillar, Inc. and provides loans to customers and dealers of Caterpillar, Inc. products around the world. Caterpillar, Inc. is the one of the world s largest manufacturers of construction and mining equipment, natural gas and diesel engines, and industrial gas turbines. Caterpillar, which offers a wide variety of financial alternatives for purchasers of Caterpillar, Inc. s equipment, has locations worldwide.

The annual base rent at closing under the Caterpillar lease, which expires in 2015, was approximately $7.4 million. Caterpillar may terminate the Caterpillar lease after the 10th lease year (2010) by paying a termination fee to Wells OP of approximately $7.7 million.

Caterpillar has expansion rights which it may exercise prior to the fourth and eighth lease years. Under its lease, Caterpillar is required to reimburse the landlord for management fees up to 4% of annual gross rental receipts. The aggregate annual base rent at closing under the

Thoughtworks lease and the Highwoods lease was approximately $0.3 million.

Table of Contents

NASA Buildings

On November 22, 2002, Wells REIT-Independence Square, LLC (REIT-Independence), a single member Georgia limited liability company wholly-owned by the Wells REIT, purchased two nine-story office buildings containing an aggregate of approximately 948,800 rentable square feet located in Washington, D.C. (NASA Buildings) for a purchase price of $345 million, plus closing costs.

The NASA Buildings, consisting of a nine-story office building containing approximately 347,796 rentable square feet (One Independence Square) and a nine-story office building containing approximately 601,017 rentable square feet (Two Independence Square), were built in 1991 and 1992 and are located on a 3.58-acre tract of land at One & Two Independence Square on E. Street in Washington, D.C.

The primary tenant in One Independence Square is the Office of the Comptroller of the Currency, an agency of the United States Government (OCC). Approximately 341,520 of the rentable square feet in the NASA Buildings (36.0%) is currently leased to the OCC. The OCC charters and regulates all national banks. It also supervises the federal branches and agencies of foreign banks. The OCC s nationwide staff of examiners conducts on-site reviews of national banks and provides sustained supervision of bank operations. The OCC issues rules, legal interpretations, and corporate decisions concerning banking, bank investments, bank community development activities, and other aspects of bank operations.

The OCC lease, which encompasses approximately 98% of One Independence Square, expires in 2006. Under the OCC Lease, operating and maintenance costs are the responsibility of the landlord, but the tenant is required to pay, as additional rent, its share of increases in real estate taxes and changes in costs from the first lease year for, various operating expenses including cleaning services, electricity, heating, water, air conditioning and landscaping. The annual base rent at closing under the OCC lease was approximately $12.2 million, which includes approximately $1 million per year for the parking facility.

The primary tenant in Two Independence Square is the National Aeronautics and Space Administration (NASA). Approximately 62% of the rentable square feet in the NASA Buildings is currently leased to the United States of America (U.S.A.) through the U.S. General Services Administration (GSA) for occupancy by NASA. The GSA is a centralized federal procurement and property management agency which acquires office space, equipment, telecommunications, information technology, supplies and services for federal agencies such as NASA. NASA, which was created in 1958, is the federal agency which runs the United States government s space program, including the space shuttle program and the launching of unmanned satellites and probes to explore the solar system.

The NASA lease, which encompasses approximately 98% of Two Independence Square, expires in 2012. Under the terms of the NASA lease, operating and maintenance costs are the responsibility of the landlord but, in order to compensate the landlord for the tenant s share of increases in the operating and maintenance costs of the building, the tenant is required to pay annual rental increases computed by increasing the base year s operating costs of Two Independence Square by the percentage change in the Cost of Living Index each year. The annual base rent at closing under the NASA lease was approximately $21.5 million.

Approximately 2% of the remaining aggregate rentable square feet in the NASA Buildings is currently leased to four additional tenants, which account for annual base rents payable of approximately $0.1 million, and less than 1% of the NASA Buildings is currently vacant.

The OCC and NASA leases include provisions that require the landlord and the property manager to comply with various employment related practices and various other laws typically required in leases with government entities. Although we believe that the Wells REIT and REIT-

Independence should be deemed exempt from these requirements, if a determination were made that these or other affiliated entities violated these lease provisions, the tenants have certain rights under the OCC lease and the NASA lease to terminate the lease or to require compliance by the appropriate entities.

Daimler Chrysler Dallas Building

On September 30, 2002, Wells OP purchased from Hillwood Operating, L.P. and ABI Commercial L.P. all of the partnership interests in CT Corporate Center No. 1, L.P., a Texas limited partnership, which owns a two-story office building containing 130,290 rentable square feet located at 2050 Roanoke Road in Westlake, Texas (Daimler Chrysler Dallas Building) for a purchase price of $25.1 million, plus closing costs.

The Daimler Chrysler Dallas Building, which was built in 2001, is leased entirely to Daimler Chrysler Services North America LLC (Daimler Chrysler NA). Daimler Chrysler NA is a wholly owned subsidiary of DaimlerChrysler AG (DaimlerChrysler). DaimlerChrysler is one of the world s leading automotive, transportation and services companies and has over 50 operating plants worldwide.

The annual base rent at closing under the Daimler Chrysler NA lease, which expires in 2011, was approximately $3.2 million. Daimler Chrysler NA has an expansion option for up to an additional 70,000 rentable square feet and a right of first offer if Wells OP desires to sell the Daimler Chrysler Dallas Building during the term of the lease.

Allstate Indianapolis Building

On September 27, 2002, Wells OP purchased a one-story office building containing 89,956 rentable square feet located on a 12.71 acre tract of land at 5757 Decatur Boulevard in Indianapolis, Indiana (Allstate Indianapolis Building) for a purchase price of $10.9 million, plus closing costs. In addition, at closing, the seller assigned to Wells OP a purchase option agreement for the right to purchase an additional adjacent 2.38 acre tract of land for $0.2 million on or before January 2007.

The Allstate Indianapolis Building, which was built in 2002, is leased to Allstate Insurance Company (Allstate) (approximately 94%) and Holladay Property Services Midwest, Inc. (Holladay) (approximately 6%).

Allstate Corporation, the holding company for Allstate whose shares are traded on the NYSE, provides automobile, homeowner s, and life insurance throughout the United States, as well as numerous investment products, including retirement planning, annuities and mutual funds. Allstate Corporation reported a net worth, as of December 31, 2003, of approximately $20.6 billion. The annual base rent at closing under the Allstate lease, which expires in 2012, was approximately $1.3 million. Allstate at its option has the right to (1) terminate the initial term of the Allstate lease at the end of the fifth lease year (August 2007) upon payment of a $385,000 fee, or (2) reduce its area of occupancy to not less than 20,256 rentable square feet, by providing written notice on or before August 2006. The annual base rent at closing under the Holladay lease, which expires in 2006, was approximately $0.1 million.

Federal Express Colorado Springs Building

On September 27, 2002, Wells OP purchased a three-story office building containing 155,808 rentable square feet located on a 28.01 acre tract of land at 350 Spectrum Loop in Colorado Springs, Colorado (Federal Express Colorado Springs Building) for a purchase price of $26 million, plus closing costs.

Table of Contents

The Federal Express Colorado Springs Building, which was built in 2001, is leased under a net lease entirely to Federal Express Corporation (Federal Express). Federal Express, whose shares are traded on the NYSE, provides transportation, e-commerce and supply chain management services in over 210 countries through its numerous subsidiaries.

Since the Federal Express Colorado Springs Building is leased to a single tenant on a long-term basis under a net lease that transfers substantially all of the operating costs to the tenant, we believe that financial information about Federal Express is more relevant to investors than financial statements of the property acquired. Federal Express currently files its financial statements in reports filed with the Securities and Exchange Commission (SEC), and the following summary financial data regarding Federal Express is taken from its previously filed public reports:

	For the Fiscal Year Ended		
	May 31, 2003	May 31, 2002	May 31, 2001
		(In Millions)	
Consolidated Statements of Operations:			
Revenues	$ 16,351	$ 15,327	$ 15,534
Operating Income	$ 786	$ 811	$ 847
Net Income	$ 431	$ 443	$ 499

	As of the Fiscal Year Ended	
	May 31, 2003	May 31, 2002
	(In Millions)	
Consolidated Balance Sheets		
Total Assets	$ 10,963	$ 9,949
Long-Term Debt	$ 1,009	$ 851
Stockholders Equity	$ 5,118	$ 4,673

For more detailed financial information regarding Federal Express, please refer to the financial statements of Federal Express Corporation, which are publicly available with the SEC at http://www.sec.gov.

The annual base rent at closing under the Federal Express lease, which expires in 2016, was approximately $2.3 million. Federal Express has an expansion option under its lease pursuant to which Wells OP would be required to construct an additional office building. Wells OP has agreed to allow Koll Development Company, LLC (Koll Development), an affiliate of the seller of the property, to develop such expansion provided that Wells OP shall have the right of first refusal to purchase such expansion property within three years after completion.

EDS Des Moines Building

On September 27, 2002, Wells OP purchased all of the partnership interests in KDC-EDS Des Moines Investment Limited Partnership, a Texas limited partnership, which owns a one-story office and distribution building containing 115,000 rentable square feet of office space and 290,000 rentable square feet of warehouse space located on a 27.97 acre tract of land at 3600 Army Post Road in Des Moines, Iowa (EDS Des Moines Building) for a purchase price of $26.5 million, plus closing costs.

The EDS Des Moines Building, which was built in 2002, is leased under a net lease entirely to EDS Information Services L.L.C. (EDS), a wholly-owned subsidiary of Electronic Data Systems Corporation (EDS Corp). EDS Corp is the guarantor of the EDS lease. EDS Corp, whose shares are traded on the NYSE, is a global information technology services company with services ranging from computer support to server management to web hosting. EDS Corp operates worldwide.

Table of Contents

Since the EDS Des Moines Building is leased to a single tenant on a long-term basis under a net lease that transfers substantially all of the operating costs to the tenant, we believe that financial information about EDS Corp, the guarantor of the EDS lease, is more relevant to investors than financial statements of the property acquired. EDS Corp currently files its financial statements in reports filed with the SEC, and the following summary financial data regarding EDS Corp is taken from its previously filed public reports:

	For the Fiscal Year Ended		
	December 31, 2003	December 31, 2002	December 31, 2001
		(In Millions)	
Consolidated Statements of Operations:			
Revenues	$ 21,476	$ 21,359	$ 21,033
Operating Income	$ (123)	$ 1,871	$ 2,054
Net Income	$ (1,698)	$ 1,116	$ 1,363

	As of the Fiscal Year Ended	
	December 31, 2003	December 31, 2002
	(In Millions)	
Consolidated Balance Sheets:		
Total Assets	$ 18,280	$ 18,880
Long-Term Debt	$ 3,488	$ 4,148
Stockholders Equity	$ 5,714	$ 7,022

For more detailed financial information regarding EDS Corp, please refer to the financial statements of Electronic Data Systems Corporation, which are publicly available with the SEC at http://www.sec.gov.

The annual base rent at closing under the EDS lease, which expires in 2012, was approximately $2.4 million. EDS has an expansion option under its lease for up to an additional 100,000 rentable square feet.

Intuit Dallas Building

On September 27, 2002, Wells OP purchased a two-story office building with a three-story wing containing 166,238 rentable square feet located on a 10.7 acre tract of land at 5601 Headquarters Drive in Plano, Texas (Intuit Dallas Building) for a purchase price of $26.5 million, plus closing costs.

The Intuit Dallas Building, which was built in 2001, is leased under a net lease entirely to Lacerte Software Corporation (Lacerte), a wholly-owned subsidiary of Intuit, Inc. (Intuit). Intuit is the guarantor of the Lacerte lease.

Lacerte is a tax software development company that offers a variety of tax software products and customer support services. Intuit, whose shares are traded on the NASDAQ, provides small business, tax preparation and personal finance software products and Web-based services that simplify complex financial tasks for consumers, small businesses and accounting professionals. Since the Intuit Dallas Building is leased to a single tenant on a long-term basis under a net lease that transfers substantially all of the operating costs to the tenant, we believe that financial information about the guarantor of the lease, Intuit, is more relevant to investors than financial statements of the property acquired.

Table of Contents

Intuit currently files its financial statements in reports filed with the SEC, and the following summary financial data regarding Intuit is taken from its previously filed public reports:

	For The Fiscal Year Ended		
	July 31, 2003	July 31, 2002	July 31, 2001
	(In Millions)		
Consolidated Statements of Operations:			
Revenues	$ 1,651	$ 1,312	$ 1,096
Income (Loss) from Continuing Operations	$ 343	$ 51	$ (81)
Net Income (Loss)	$ 343	$ 140	$ (83)

	As of the Fiscal Year Ended	
	July 31, 2003	July 31, 2002
	(In Millions)	
Consolidated Balance Sheets:		
Total Assets	$ 2,790	$ 2,928
Long-Term Obligations	$ 29	$ 33
Stockholders Equity	$ 1,965	$ 2,216

For more detailed financial information regarding Intuit, please refer to the financial statements of Intuit, Inc., which are publicly available with the SEC at http://www.sec.gov.

The annual base rent at closing under the Lacerte lease, which expires in 2011, was approximately $2.5 million. Lacerte has an expansion option through November 2004 pursuant to which Wells OP would be required to purchase an additional 19-acre tract of land and to construct up to an approximately 600,000 rentable square foot building thereon. Wells OP has agreed to allow Koll Development, an affiliate of the seller of the property, to develop any such expansion.

KeyBank Parsippany Building

On September 27, 2002, Wells OP purchased a four-story office building containing 404,515 rentable square feet located on a 19.06 acre tract of land at Two Gatehall Drive in Parsippany, New Jersey (KeyBank Parsippany Building) for a purchase price of approximately $101.4 million, plus closing costs.

The Key Bank Parsippany Building, which was completed in 1985, is leased to Key Bank U.S.A., N.A. (KeyBank) (approximately 49%) and Gemini Technology Services (Gemini) (approximately 51%).

KeyBank is a national banking association and a wholly-owned subsidiary of KeyCorp, the guarantor on the lease. KeyCorp, whose shares are traded on the NYSE, is a bank-based financial services company that provides investment management, retail and commercial banking, retirement, consumer finance, and investment banking products and services to individuals and companies throughout the United States and internationally. KeyCorp reported a net worth, as of December 31, 2003, of approximately $6.9 billion. The annual base rent at closing under the KeyBank lease, a net lease which expires in 2016, was $3.8 million.

Gemini Technology Services is an information technology subsidiary of Deutsch Bank AG (Deutsch Bank). Deutsch Bank provides financial services around the world to individuals and institutional clients and serves more than 12 million customers in 75 countries worldwide. The annual base rent at closing under the Gemini lease, which expires in 2013, was approximately $5.7 million. Gemini secured its obligations under the Gemini lease with a $35 million irrevocable letter of credit, which amount decreases over time during the initial term of the Gemini lease.

Table of Contents

IRS Long Island Buildings

On September 16, 2002, Wells OP, through Wells REIT-Holtsville, NY, LLC (REIT-Holtsville), a Georgia single member limited liability company wholly-owned by Wells OP, purchased a two-story office building (IRS Office Building) and a one-story daycare facility (IRS Daycare Facility) containing 259,700 aggregate rentable square feet located on an approximately 36.3-acre tract of land at 5000 Corporate Court and on an approximately 1.9-acre tract of land located at 2 Corporate Drive, respectively, in Holtsville, New York for a purchase price of approximately $51.0 million, plus closing costs from HIRS Associates LLC (HIRS).

The IRS Long Island Buildings are located in central Long Island in a campus setting. The United States of America through the U.S. General Services Administration (GSA) leases approximately 74% of the aggregate rentable square feet of the IRS Long Island Buildings for the Internal Revenue Service under three separate lease agreements for the processing & collection division of the IRS (IRS Collection), the compliance division of the IRS (IRS Compliance), and the IRS Daycare Facility. The GSA is a centralized federal procurement and property management agency which acquires office space, equipment, telecommunications, information technology, supplies and services for federal agencies such as the IRS. Approximately 26% of the IRS Long Island Buildings is currently vacant. Of the approximately 74% of the IRS Long Island Buildings currently under lease, approximately 30% is leased but currently unoccupied.

All three of the IRS leases are net leases which include provisions that require the landlord and the property manager to comply with various employment related practices and other various laws typically required by government entities. Although we believe that the Wells REIT, Wells OP and REIT-Holtsville should be deemed exempt from these requirements, if a determination were made that these or other affiliated entities violated these lease provisions, the tenant has certain rights under each of the IRS leases to terminate the lease or to require compliance by the appropriate entities. REIT-Holtsville, as the landlord, is responsible for maintaining and repairing the roof, structural elements and mechanical systems of the IRS Long Island Buildings.

The IRS Collection lease, which encompasses 128,000 rentable square feet of the IRS Office Building, expires in 2005. The annual base rent under the IRS Collection lease is approximately $2.8 million.

The IRS Compliance lease, which encompasses 50,949 rentable square feet of the IRS Office Building, expires in 2011. The annual base rent at closing under the IRS Compliance lease was approximately $1.7 million.

The IRS Daycare Facility lease, which encompasses the entire 12,100 rentable square feet of the IRS Daycare Facility, expires in 2004. The annual base rent at closing under the IRS Daycare Facility lease was approximately $0.5 million.

The AmeriCredit Phoenix Property

On September 12, 2002, Wells OP purchased a 14.74 acre tract of land located in Chandler, Arizona (AmeriCredit Phoenix Property) for approximately $2.6 million, plus closing costs. In 2002, Wells OP commenced construction on a three-story office building containing 153,494 rentable square feet (AmeriCredit Phoenix Building).

35

Table of Contents

In April 2003, the construction of the AmeriCredit Phoenix Building was substantially completed. The aggregate cost and expenses incurred by Wells OP with respect to the acquisition and construction of the AmeriCredit Phoenix Building totaled approximately $26.2 million. The revised total cost, which reflects an increase of approximately $1.5 million from the budgeted amount for the property, is due to certain requested additional tenant improvements and requirements by the City of Chandler. AmeriCredit Financial Services, Inc. occupied the building under a net lease agreement commencing on April 15, 2003.

The AmeriCredit Phoenix Building is leased entirely to AmeriCredit Financial Services, Inc. (AmeriCredit). AmeriCredit is wholly-owned by, and serves as the primary operating subsidiary for, AmeriCredit Corp., a Texas corporation whose common stock is publicly traded on the New York Stock Exchange (NYSE). AmeriCredit Corp. is the guarantor of the lease. AmeriCredit is the world s largest independent middle-market automobile finance company. AmeriCredit purchases loans made by franchised and select independent dealers to consumers buying late model used and, to a lesser extent, new automobiles. AmeriCredit Corp. reported a net worth, as of June 30, 2003, of approximately $1.8 billion.

The AmeriCredit Phoenix lease is a net lease which expires in 2013. AmeriCredit has the right to extend the initial term of this lease for two additional five-year terms at 95% of the then-current market rental rate. In addition, AmeriCredit may terminate the AmeriCredit Phoenix lease at the end of the 88^{th} month by paying an approximately $2.5 million termination fee.

As an inducement for Wells OP to enter into the AmeriCredit Phoenix lease, AmeriCredit prepaid to Wells OP the first three years of base rent on the AmeriCredit Phoenix Building at a discounted amount equal to approximately $4.8 million rather than the amount of base rent that would otherwise have been payable ratably over the first three years of the lease term. Wells OP has obtained and delivered an irrevocable stand-by letter of credit from BOA to AmeriCredit in the amount of the prepaid rent to secure Wells OP s obligation to repay the prepaid rent under these conditions.

Nokia Dallas Buildings

On August 15, 2002, Wells OP purchased three adjacent office buildings containing 604,234 aggregate rentable square feet located in Irving, Texas (Nokia Dallas Buildings) for an aggregate purchase price of approximately $119.6 million, plus closing costs. The Nokia Dallas Buildings consist of (1) a nine-story office building located at 6031 Connection Drive (Nokia I Building), (2) a seven-story office building located at 6021 Connection Drive (Nokia II Building), and (3) a six-story office building located at 6011 Connection Drive (Nokia III Building). The Nokia I Building and Nokia III Building were built in 1999, and the Nokia II Building was built in 2000.

The Nokia Dallas Buildings are all leased entirely to Nokia, Inc., the U.S. operating subsidiary of Nokia Corporation (Nokia), under long-term net leases. Nokia, the guarantor of the Nokia, Inc. leases, is a Finnish corporation whose shares are traded on the New York Stock Exchange. Nokia is a mobile communications company that supplies mobile phones and mobile, fixed broadband, and Internet protocol networks. Nokia sells its products worldwide.

Table of Contents

Since the Dallas Nokia Buildings are leased to a single tenant on a long-term basis under net leases that transfer substantially all of the operating costs to the tenant, we believe that financial information about the guarantor of the leases, Nokia, is more relevant to investors than financial statements of the property acquired. Nokia is a public company which currently files its financial statements in reports filed with the SEC, and following is summary financial data regarding Nokia taken from its previously filed public reports:

	For the Fiscal Year Ended		
	December 31, 2003	December 31, 2002	December 31, 2001
		(In Millions Of Euros)	
Consolidated Profit And Loss Accounts:			
Net Sales	29,455	30,016	31,191
Operating Profit	5,011	4,780	3,362
Net Profit	3,592	3,381	2,200

	As of the Fiscal Year Ended	
	December 31, 2003	December 31, 2002
	(In Millions Of Euros)	
Consolidated Balance Sheets:		
Total Assets	23,920	23,327
Long-term liabilities	20	187
Shareholders Equity	15,148	14,281

If you would like to review more detailed financial information regarding Nokia, please refer to the financial statements of Nokia, which are publicly available with the SEC at http://www.sec.gov.

The Nokia I Building is a nine-story building containing 228,678 rentable square feet. The annual base rent at closing under the Nokia I Building lease, which expires in 2009, was approximately $4.4 million. The Nokia II Building is a seven-story building containing 223,470 rentable square feet. The annual base rent at closing under the Nokia II Building lease, which expires in 2010, was approximately $4.5 million. The Nokia III Building is a six-story building containing 152,086 rentable square feet. The annual base rent at closing under the Nokia III Building lease, which expires in 2009, was approximately $3.0 million. Nokia, Inc. has a right of first offer on the future sale of each of the Nokia Dallas Buildings.

Harcourt Austin Building

On August 15, 2002, Wells OP purchased a seven-story office building containing 195,230 rentable square feet located at 10801 North Mopac Expressway in Austin, Texas (Harcourt Austin Building) for a purchase price of $39 million, plus closing costs.

The Harcourt Austin Building, which was built in 2001, is leased entirely to Harcourt, Inc., a wholly-owned subsidiary of Harcourt General, Inc. (Harcourt General), the guarantor of the Harcourt lease. Harcourt General is a Delaware corporation having its corporate headquarters in Newton, Massachusetts. Harcourt General is a worldwide education company that provides books, print, and electronic learning materials, assessments, and professional development programs to students and teachers in pre-kindergarten through 12th grade. Harcourt General was acquired in July 2001, by, and became a wholly owned subsidiary of, Reed Elsevier PLC, a privately held company. The annual base rent at closing under the Harcourt lease, which expires in 2016, was approximately $3.4 million.

Kraft Atlanta Building

On August 1, 2002, Wells OP purchased a one-story building containing 87,219 rentable square feet located at 4000 Johns Creek Court in Suwanee, Georgia (Kraft Atlanta Building) for a purchase price of approximately $11.6 million, plus closing costs.

Kraft Foods North America, Inc. (Kraft) approximately 84% rentable square feet of the Kraft Atlanta Building, which was built in 2001. Kraft, a wholly owned subsidiary of Kraft Foods, Inc., a Virginia corporation whose shares are publicly traded on the NYSE, is one of the largest food and beverage companies in the world with operations in approximately 145 countries. The annual base rent at closing under the Kraft lease, which expires in 2012, is approximately $1.3 million. Kraft has the right to

Table of Contents

terminate the Kraft lease (1) at the end of the third lease year, by paying a $7 million termination fee, or (2) at the end of the seventh lease year, by paying an approximately $1.8 million termination fee.

PerkinElmer Instruments, LLC (PerkinElmer) leases the remaining approximately 16% of the Kraft Atlanta Building. PerkinElmer provides analytical solutions for the pharmaceutical, food and beverage, environmental, chemical, and semiconductor industries. PerkinElmer is a wholly owned subsidiary of PerkinElmer, Inc., a Massachusetts corporation whose shares are publicly traded on the NYSE. The annual base rent at closing under the PerkinElmer lease, which expires in 2016, was approximately $0.2 million. PerkinElmer has the right to terminate the PerkinElmer lease at the end of the 10^{th} lease year by paying an approximately $0.3 million termination fee.

BMG Greenville Buildings

On July 31, 2002, Wells OP purchased two adjacent one-story distribution facility buildings containing 473,398 rentable square feet and 313,380 rentable square feet, respectively, located at 110 & 112 Hidden Lake Circle in Duncan, South Carolina (BMG Greenville Buildings) for a purchase price of $26.9 million, plus closing costs.

The BMG Greenville Buildings, which were built in 1987, are leased to BMG Direct Marketing, Inc. (BMG Marketing) and BMG Music, respectively. BMG Marketing and BMG Music are wholly owned subsidiaries of Bertelsmann AG (Bertelsmann), a German corporation with its international headquarters in Gütersloh, Germany and its U.S. headquarters in New York, New York. Bertlesmann, a guarantor on both the BMG Marketing lease and the BMG Music lease, operates in the media industry, specializing in a wide range of markets including: television and radio; book publishing; magazines and newspapers; music labels; professional information; print and media services; book and music clubs; and media e-commerce. Bertelsmann reported a net worth, as of December 31, 2003, of approximately $8.4 billion. The annual base rent at closing under the BMG Marketing lease, which expires in 2011, was approximately $1.4 million. The annual base rent at closing under the BMG Music lease, which expires in 2011, was approximately $0.8 million.

Kerr-McGee Property

On July 29, 2002 Wells OP purchased the Kerr-McGee Property, which was a build-to-suit property located in Houston, Texas, for a purchase price of approximately $1.7 million, plus closing costs. We commenced construction on a four-story office building containing approximately 100,000 rentable square feet (Kerr-McGee Project) on August 1, 2002. Wells OP entered into a development agreement, an architect agreement and a construction agreement to construct the Kerr-McGee Project on the Kerr-McGee Property.

Construction of the Kerr-McGee Property, a four-story approximately 100,000 rentable square foot building, was completed in June 2003. The aggregate cost and expenses incurred by Wells OP with respect to the acquisition and construction of the Kerr-McGee Property totaled approximately $14.9 million, which was within the budgeted amount for the property. Kerr-McGee Oil & Gas Corporation occupied the building under a lease commencing on July 1, 2003. The construction loan obtained to finance the development of this property was paid off in July 2003.

The Kerr-McGee Property is leased to Kerr-McGee Oil & Gas Corporation, a wholly owned subsidiary of Kerr-McGee Corporation (Kerr-McGee), a Delaware corporation whose shares are publicly traded on the New York Stock Exchange (NYSE). Kerr-McGee, which has guaranteed the Kerr-McGee lease, operates a worldwide business in oil and gas exploration and production, and titanium dioxide pigment production and marketing. It has oil fields in the Gulf of Mexico, the North Sea, the South China Sea, and onshore in the United States, Ecuador, Indonesia and Kazakhstan. Kerr-McGee reported a net worth, as of December 31, 2003, of approximately $2.6 billion. The annual base rent for the Kerr-McGee lease, which expires in 2014, is approximately $1.7 million.

Table of Contents

The PacifiCare San Antonio Building

On July 12, 2002, Wells OP, purchased a two-story office building containing 142,500 rentable square feet located at 6200 Northwest Parkway in San Antonio, Texas (PacifiCare San Antonio Building) for a purchase price of approximately $14.7 million, plus closing costs.

The PacifiCare San Antonio Building, which was built in 2000, is leased entirely to PacifiCare Health Systems, Inc. (PacifiCare), a corporation whose shares are traded on NASDAQ. PacifiCare is one of the leading health and consumer service companies in the United States. The services PacifiCare provides include health insurance products, pharmacy and medical management, behavioral health services, and dental and vision services. PacifiCare reported a net worth, as of December 31, 2003 of approximately $1.9 billion. The annual base rent at closing under the PacifiCare lease, which expires in 2010, was approximately $1.5 million. PacifiCare has an expansion option for between approximately 20,000 and 45,000 rentable square feet, which it may exercise prior to the end of the 42nd month of the initial term of the PacifiCare lease.

Property Management

As compensation for property management, leasing and asset management services performed in connection with the commercial properties we acquire, we typically pay Wells Management property management, leasing and asset management fees equal to 4.5% of gross revenues. A special one-time initial rent-up or leasing fee may be paid on the first leases for newly constructed properties. On some properties, we may employ unaffiliated third parties to act as on-site property managers, and if Wells Management is paid property management, leasing and asset management fees on such properties, the fees paid to the on-site property managers are included in the 4.5% of gross revenues paid to Wells Management. The property management, leasing and asset management fees and the on-site property mangers for the properties we acquired since July 12, 2002 are as follows:

NAME OF PROPERTY	ASSET, PROPERTY MANAGEMENT AND LEASING FEES PAID TO WELLS MANAGEMENT	ON-SITE PROPERTY MANAGER
Brattle Square Cambridge	4.5%	CB Richard Ellis-N.E. Partners, LP[1]
Russell Tacoma	4.5%	Wells Management
1414 Massachusetts Avenue Cambridge	4.5%	CB Richard Ellis-NE Partners, LP[1]
60 Broad Street New York	4.5%	CRG Management, LLC and CRG Real Estate Services, LLC[1]
1901 Market Street Philadelphia	4.5%	Wells Management
Bank of America Orange County	4.5%	Wells Management
Boeing Seattle	4.5%	Wells Management
400 Virginia	0%	The John Akridge Management Company
US Park Service	0%	The John Akridge Management Company
1225 Eye Street	4.5%	The John Akridge Management Company[1]
4250 North Fairfax Arlington	4.5%	Trammell Crowe Company[1]
Leo Burnett Chicago	4.5%	The Buck Management Group, LLC[1]
IBM Portland	4.5%	Wells Management
AIU Chicago	4.5%	The Buck Management Group, LLC[1]
1901 Main Irvine	4.5%	Cushman and Wakefield of California, Inc.[1]
Continental Casualty Orange County	4.5%	PM Realty Group[1]
Applera Pasadena	4.5%	Cushman and Wakefield of California, Inc.[1]

Polo Ralph Lauren Newark	4.5%	CB Richard Ellis[1]
Aventis Northern NJ	4.5%	Hines Interests Limited Partnership[1]
Cingular Atlanta	4.5%	Wells Management
Lockheed Martin	4.5%	Spaulding & Slye LLC[1]
ISS Atlanta III	4.5%	Wells Management
IBM Reston	4.5%	Trammell Crow Company[1]

[1] Property management fees payable to on-site property manager will be paid out of or credited against the fees payable to Wells Management.

39

Table of Contents

NAME OF PROPERTY	ASSET, PROPERTY MANAGEMENT AND LEASING FEES PAID TO WELLS MANAGEMENT	ON-SITE PROPERTY MANAGER
GMAC Detroit	4.5%	Larson Realty Group[1]
AON Center Chicago	4.5%	Brea Property Management of Illinois, LLC[1,2]
US Bancorp Minneapolis	4.5%	Equity Office Management, L.L.C. [1,3]
Citicorp Englewood Cliffs, NJ	4.5%	Wells Management
150 West Jefferson Detroit	4.5%	Larson Realty Group[1]
East Point	4.5%	CB Richard Ellis[1]
Nestle	4.5%	PM Realty[1]
John Wiley Indianapolis	4.5%	Lauth Properties[1]
Capital One Richmond	4.5%	Highwoods Realty[1,4]
Caterpillar Nashville	4.5%	Highwoods Realty[1,5]
NASA	0%	Boston Properties, Inc.
Daimler Chrysler Dallas	4.5%	Hillwood Properties[1]
Allstate Indianapolis	4.5%	Holladay Property Services[1]
Federal Express Colorado Springs	4.5%	Wells Management
EDS Des Moines	4.5%	Wells Management
Intuit Dallas	4.5%	Wells Management
KeyBank Parsippany	4.5%	Gale Management Company, LLC[1]
IRS Long Island	0%	AmCap, Inc.[6]
AmeriCredit Phoenix	4.5%[7]	Wells Management
Nokia Dallas	4.5%	Wells Management
Harcourt Austin	4.5%	Carr America Realty Corporation[1]
Kraft Atlanta	4.5%	Technology Park Atlanta[1]
BMG Greenville	4.5%	Wells Management
Kerr-McGee Property	4.5%[8]	Means Knaus Partners, L.P.[1]
PacifiCare San Antonio	4.5%	Travis Commercial Real Estate Services Limited[1]

Description of $500 Million Line of Credit

Wells OP established an unsecured secured line of credit in the amount of $500 million with Bank of America, N.A. (BOA) and a consortium of other financial institutions ($500 Million Line of Credit). This unsecured line of credit replaced a prior $110 million secured line of credit with BOA. The interest rate on the $500 Million Line of Credit is an annual variable rate equal to the London InterBank Offered Rate (LIBOR) for a 30-day period plus up to 1.625% or certain other alternative rates. Wells OP paid up-front commitment fees in an amount equal to approximately $2.3 million in connection with the $500 Million Line of Credit. In addition, Wells OP is required to pay a quarterly facility fee of .25% per annum on the entire amount of the $500 Million Line of Credit. As of March 31, 2004, the interest rate on the $500 Million Line of Credit was 2.72% per annum, and the outstanding principal balance on the $500 Million Line of Credit was $496 million.

---

1 Property management fees payable to on-site property manager will be paid out of or credited against the fees payable to Wells Management.

2 REIT Chicago Center has entered into a five-year management agreement with Brea Property Management of Illinois, LLC.

3 Wells OP has entered into a two-year management agreement with Equity Office Management, L.L.C.

4 Wells OP has entered into a five-year management agreement with Highwoods Realty.

[5] Wells OP has entered into a 10-year management agreement with Highwoods Realty.

[6] Wells OP has entered into a one-year management agreement with AmCap, Inc.

[7] Wells Management received a one-time initial lease-up fee relating to the leasing of the AmeriCredit Phoenix Building equal to one month's rent estimated to be approximately $207,000.

[8] Wells Management received a one-time initial lease-up fee relating to the leasing of the Kerr-McGee Property equal to the first month's rent estimated to be approximately $140,000.

Table of Contents

Transactions under the Section 1031 Exchange Program

General

As described in the Investment Objectives and Criteria Section 1031 Exchange Program section of our prospectus, an affiliate of our advisor has developed a program (Section 1031 Exchange Program) involving the acquisition of income-producing commercial properties and the formation of a series of single member limited liability companies (Wells Exchange) for the purpose of facilitating the resale of co-ownership interests in such real estate properties to persons (1031 Participants) who are looking to invest the proceeds from a sale of real estate held for investment into another real estate investment for purposes of qualifying for like-kind exchange treatment under Section 1031 of the Internal Revenue Code.

Ford Motor Credit Complex

The initial transaction under the Section 1031 Exchange Program involved the acquisition by Wells Exchange and resale of co-ownership interests in the Ford Motor Credit Complex constituting two connecting office buildings containing an aggregate of approximately 167,438 rentable square feet located in Colorado Springs, Colorado. A total of $13.1 million in co-ownership interests in the Ford Motor Credit Complex were sold to 1031 Participants. Pursuant to a Take Out Purchase and Escrow Agreement, Wells OP received a take out fee of approximately $0.1 million for agreeing to acquire any unsold co-ownership interests in the Ford Motor Credit Complex. Since Wells Exchange sold all of the co-ownership interests offered to investors, Wells OP was not required to purchase any co-ownership interests in this project.

Meadow Brook Park Buildings

The second transaction under the Section 1031 Exchange Program involved the acquisition by Wells Exchange and resale of co-ownership interests in the Meadow Brook Park Buildings consisting of two single tenant office buildings each containing approximately 98,216 rentable square feet located in Birmingham, Alabama. A total of approximately $16.7 million in co-ownership interests in the Meadow Brook Park Buildings were sold to 1031 Participants. Pursuant to a Take Out Purchase and Escrow Agreement, Wells OP received a take out fee of approximately $0.2 million for agreeing to acquire any unsold co-ownership interests in the Meadow Brook Park Buildings. Since Wells Exchange sold all of the co-ownership interests offered to investors, Wells OP was not required to purchase any co-ownership interests in this project.

Irving, Texas Office Building

The third transaction under the Section 1031 Exchange Program involves the acquisition by Wells Exchange and resale of co-ownership interests in an office building in Irving, Texas. In consideration for the payment of a take out fee in the amount of approximately $0.2 million, and following approval of the potential property acquisition by our board of directors on March 12, 2004, Wells OP entered into a take out purchase and escrow agreement relating to an office building located in Irving, Texas, which is approximately 90% leased to HSS Systems, LLC, whose obligations as tenant under its lease are guaranteed by Healthtrust, Inc. The Hospital Company, a wholly-owned subsidiary of HCA, Inc. (formerly known as Hospital Corporation of America). Pursuant to the terms of the take out purchase and escrow agreement, Wells OP is obligated to acquire from Wells Exchange, at Wells Exchange s cost, any co-ownership interests in the Irving, Texas office building which remain unsold on October 27, 2004.

The obligations of Wells OP under the take out purchase and escrow agreement are secured by a line of credit with Bank of America, N.A. (BOA). If, for any reason, Wells OP fails to acquire any of the co-ownership interests in the Irving, Texas office building which remain unsold as of October 27, 2004, or if there is otherwise an uncured default under the interim loan between Wells Exchange and BOA or

Table of Contents

Well OP s loan documents, BOA is authorized to draw down on Wells OP s line of credit in the amount necessary to pay the outstanding balance of the interim loan in full, in which event the appropriate amount of unsold co-ownership interests in Irving, Texas office building would be deeded to Wells OP. Wells OP s maximum economic exposure in the transaction is approximately $14.5 million, in which event Wells OP would acquire the Irving, Texas office building for approximately $14.5 million in cash. If Wells Exchange successfully sells 100% of the co-ownership interests to 1031 Participants, Wells OP will not acquire any interest in the Irving, Texas office building. If some, but not all, of the co-ownership interests are sold by Wells Exchange, Wells OP s exposure would be less, and it would end up owning an interest in the property in co-ownership with 1031 Participants who had previously acquired co-ownership interests in the Irving, Texas office building from Wells Exchange.

Formation of Wells REIT II

Wells REIT II is a recently formed REIT also sponsored and advised by our Advisor, which has investment objectives substantially identical to ours. Several of our directors (namely Leo F. Wells, III, Douglas P. Williams, Richard W. Carpenter, Bud Carter, Donald S. Moss, Walter W. Sessoms, Neil H. Strickland, and W. Wayne Woody) are also directors of Wells REIT II. Wells REIT II s registration statement for the sale of up to $6 billion in common stock was declared effective by the SEC on November 26, 2003. Since Wells REIT II is in a different stage of its life cycle from our REIT, the potential for conflicts of interest resulting from these members of our board of directors also serving on the board of directors of Wells REIT II may be lessened; however, please consider and analyze the additional risk factors described below relating to the potential conflicts of interest which may arise as a result of several of our directors also serving as directors of Wells REIT II.

Conflicts of Interest Common Directors of Wells REIT II

The following information should be read in conjunction with the Conflicts of Interest section beginning on page 54 of the prospectus to include conflicts of interest related to the common directors between the Wells REIT and Wells REIT II.

Our board of directors may face additional conflicts of interest in making decisions and taking actions resulting from certain members of our board of directors also serving on the board of directors of Wells REIT II.

The individuals serving on our board of directors who also serve on the board of directors of Wells REIT II will have statutory and fiduciary obligations to our stockholders and the stockholders of Wells REIT II. Therefore, the loyalties of these members of our board of directors to Wells REIT II may influence the judgment of our board when considering issues for us that may affect Wells REIT II, such as the following:

Our board of directors must evaluate the performance of Wells Capital with respect to whether Wells Capital is presenting to us our fair share of investment opportunities or otherwise performing its duties under our advisory agreement. If Wells Capital is not performing its duties for us as our advisor or is giving preferential treatment to Wells REIT II, the divided loyalties of the members of our board who also serve on the board of directors of Wells REIT II could adversely affect our board s willingness to enforce our rights under the terms of the advisory agreement or to seek a new advisor.

Our board of directors may have to make a similar evaluation with respect to the performance of Wells Management Company, Inc. (Wells Management), as our property manager. If Wells Management is not performing well as a property manager because of the similar services it provides for Wells REIT II, the divided loyalties of the members of our board who also serve on the board of directors of Wells REIT II could adversely

Table of Contents

affect our board s willingness to enforce our rights under the terms of the asset/property management agreement or to seek a new property manager.

Our board of directors approves every property acquisition we make. Decisions of our board regarding whether we should purchase a property may be influenced by the divided loyalties of the members of our board who also serve on the board of directors of Wells REIT II based on the potential that Wells Capital would present the opportunity to Wells REIT II if we did not pursue it.

We may enter into transactions with Wells REIT II, such as property sales and acquisitions, joint ventures or financing arrangements. Decisions of our board regarding the terms of those transactions may be influenced by the divided loyalties of the members of our board who also serve on the board of directors of Wells REIT II.

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

The information contained on page 101 in the Management s Discussion and Analysis of Financial Condition and Results of Operations section of the prospectus is revised as of the date of this supplement by the deletion of that entire section and the insertion of the information below. The following discussion and analysis should also be read in conjunction with our accompanying financial statements and notes thereto.

Forward Looking Statements

This supplement contains forward-looking statements, within the meaning of Section 27A of the Securities Act of 1933 and 21E of the Securities Exchange Act of 1934, including discussion and analysis of our financial condition, anticipated capital expenditures required to complete certain projects, amounts of anticipated cash distributions to stockholders in the future and certain other matters. Readers of this supplement should be aware that there are various factors that could cause actual results to differ materially from any forward-looking statements made in this supplement, which include changes in general economic conditions, changes in real estate conditions, construction costs which may exceed estimates, construction delays, increases in interest rates, lease-up risks, inability to obtain new tenants upon the expiration of existing leases, inability to invest in properties on a timely basis or in properties that will provide targeted rates of return and the potential need to fund tenant improvements or other capital expenditures out of operating cash flow. (See generally the Risk Factors section of the prospectus.)

REIT Qualification

We have made an election under Section 856 (c) of the Internal Revenue Code of 1986 (Internal Revenue Code) to be taxed as a REIT under the Internal Revenue Code beginning with our taxable year ended December 31, 1998. As a REIT for federal income tax purposes, we generally will not be subject to federal income tax on income that we distribute to our stockholders. If we fail to qualify as a REIT in any taxable year, we will be subject to federal income tax on our taxable income at regular corporate rates and will not be permitted to qualify for treatment as a REIT for federal income tax purposes for four years following the year in which our qualification is lost. Such an event could materially adversely affect our financial position and results of operations. However, we believe that we are organized and operate in a manner which will enable us to qualify for treatment as a REIT for federal income tax purposes during this fiscal year. In addition, we intend to continue to operate the Wells REIT so as to remain qualified as a REIT for federal income tax purposes.

Overview

During the years ended December 31, 2003, 2002, and 2001, we have raised equity of approximately $2.5 billion, $1.3 billion, and $0.5 billion, respectively, and have acquired properties or entities owning properties with an acquisition price and/or construction cost totaling approximately $2.7 billion, $1.4 billion, and $0.2 billion, respectively. As of December 31, 2003, we have issued substantially all of the shares that we currently intend to issue, except shares to be issued pursuant to our dividend reinvestment plan. After certain acquisitions planned for the first quarter of 2004, we have acquired substantially all of the properties that we intend to acquire at this time. A significant amount of our time and effort to date has been focused on the raising of equity and acquisition of properties that meet our investment criteria and yield appropriate returns for our stockholders.

The significant growth of our portfolio resulted in a considerable increase in our operating results, including cash flows, revenues, net income, and dividends paid. As we will obtain a full year s benefit from the 2003 acquisitions in 2004 and future years, we do not expect that future results will be comparable to historical operating results. Substantially all of our revenues are generated from the operations of the properties that we own. After incurring property and portfolio level operating expenses, we must assess the amount of cash that we have available for capital improvements and distributions to investors. We generally anticipate that cash flows from operations will be sufficient to fund distributions paid to investors during each period, but to the extent that the cash flows from operations are not comparable between periods, the level of distributions paid to investors may change. During the years ended December 31, 2003, 2002 and 2001, we paid aggregate dividends of approximately $219.1 million, $105.0 million, and $36.7 million, respectively; compared to generating cash flows from operations of approximately $237.1 million, $104.6 million, and $42.3 million, respectively.

Our most significant challenges and risks primarily relate to our ability to effectively manage and operate the properties in our portfolio. Our focus is on leasing any currently vacant space and space that becomes vacant upon the expiration of the current leases at market rates and minimizing property and portfolio level operating expenses to support a maximum dividend for our investors and, ultimately, selectively disposing of certain properties and replacing them with properties generating higher returns or providing greater diversification. Our intent is to maximize distributions to our investors while at the same time making appropriate levels of capital expenditures necessary to maintain or enhance the value of the properties. We currently have a very high percentage (approximately 97%) of our space leased, but in the event that we do not retain our tenants upon lease expiration at market rents or at all, we may not be able to provide returns in future periods that are consistent with historical periods. Therefore, we are continually assessing the needs of our tenants so we can provide as much assurance as possible and retain them at appropriate rental levels. We believe that we have adequately diversified our portfolio to minimize the effect of negative conditions impacting a certain geographic region, industry, or tenant.

General Economic and Real Estate Market Commentary

The U.S. economy appears to be recovering; however, thus far it has been a jobless recovery, and because of this, real estate office fundamentals may not improve until employment growth strengthens. The economy has shown signs of growth recently, as companies have resumed making investments in new employees. Job growth is considered to be the most significant demand driver for office markets. Unfortunately, the current jobless recovery has resulted in a demand deficit for office space. In general, the real estate office market has lagged behind the overall economic recovery and, therefore, recovery is not expected until late-2004 or 2005 at the earliest, and then will vary by market.

Overall, real estate market fundamentals are weak; however, capital continues to flow into this asset class. This increased capital drives the prices of many properties upward and returns downward on investments in these properties. There is a significant pricing differential in underwriting parameters between well-leased assets with credit tenants and those with either existing vacancies or substantial near-term tenant rollover. Properties with long-term leases to strong credit tenants have seen increases in value.

Table of Contents

The office market has significant excess space. Vacancy levels are believed to be at or near their peak. There is some encouraging news, however, as new construction continues to taper-off, coming to a complete halt in many markets. As a result of the slow down in new construction and the modest decline in sublease space, net absorption has turned slightly positive at year-end. Many industry professionals believe office market fundamentals are bottoming-out; however, a recovery cannot be expected until job growth and corresponding demand for office space increases.

Liquidity and Capital Resources

From inception through the year ended December 31, 2003, we have raised significant funds through the sale of our common stock, which have primarily been used for the acquisition of properties and payment of costs associated with raising equity. This fundraising has provided a substantial amount of cash to be used for the acquisition of real estate properties and for certain capital expenditures identified at the time of acquiring certain properties. However, beginning with the year ending December 31, 2004, we do not anticipate receiving significant proceeds from the sale of our common stock as all remaining shares under the fourth offering were sold during the year ended December 31, 2003, except for shares remaining under the dividend reinvestment plan, a substantial portion of which will be used to fund redemptions of our shares of common stock as approved by our board of directors.

During the years ended December 31, 2003, 2002, and 2001, we raised proceeds from the sale of approximately 253.7 million, 134.0 million, and 52.3 million shares of our common stock, respectively, with payment of related offering and advisory costs as follows (rounded to the nearest thousands):

	December 31, 2003	December 31, 2002	December 31, 2001
Gross offering proceeds	$ 2,537,192	$ 1,340,293	$ 522,517
Acquisition and advisory fees and expenses	$ (87,272)	$ (46,373)	$ (18,143)
Selling commissions	$ (239,949)	$ (127,332)	$ (49,246)
Other offering costs	$ (21,533)	$ (20,476)	$ (10,085)
Common stock redemptions	$ (43,690)	$ (15,362)	$ (4,137)
Net offering proceeds available for investment in real estate properties	$ 2,144,748	$ 1,130,750	$ 440,906

Substantially all of our future cash flows will be generated from rental and operating expense reimbursements from the operations of the properties that we own and distributions from joint ventures. Additionally, we will raise a limited amount of funds through our dividend reinvestment plan. After incurring property and portfolio level operating expenses, we must assess the amount of cash we have available for capital improvements, share redemptions, and distributions to investors. Dividends paid will be dependent upon our expectations of future cash flows and determination of near-term cash needs for capital improvements, tenant releasing, share redemptions, and debt repayments. To the extent the expected cash available changes significantly, the dividend declared by the board of directors may be adjusted.

Table of Contents

Cash Flows From Operating Activities

Cash flows from operations for the years ended December 31, 2003, 2002, and 2001 were $237.1 million, $104.6 million, and $42.3 million, respectively, as compared to distributions paid of $219.1 million, $105.0 million, and $36.7 million for the years ended December 31, 2003, 2002, and 2001, indicating that substantially all distributions for these periods were paid out of our cash flows from operations. The increase in cash flows from operations and distributions between periods was primarily a result of the additional properties acquired during the years ended December 31, 2003, 2002, and 2001. Dividends paid during the years ended December 31, 2003, 2002, and 2001, exceeded taxable income in each of these years. Therefore, we exceeded the minimum distribution requirements to be taxed as a REIT for federal income tax purposes in each of these years.

Our net cash flows from operations is dependent upon the occupancy levels at our properties, the collectibility of rents from tenants, and the level of our operating expenses, among other factors. Significant changes in these factors could result in changes in our cash flows from operations. Net operating cash flows are expected to increase as we acquire additional properties in early 2004 and as we obtain the benefit of a full year of operations for properties acquired during the year ended December 31, 2003; however, net cash flows on a per share basis in 2004 is expected to remain relatively consistent with historical periods.

Additionally, we have the ability to borrow under our existing lines of credit to fund acquisitions that meet our investment criteria, capital expenditures, releasing costs, potential share redemptions, or to repay existing debt. Due to the repayment of notes payable of approximately $202.3 million subsequent to year-end, we have borrowed a significant amount under our lines of credit. The $98.1 million line of credit was set to expire in March 2004 but has been extended to June 2004. The $500 million line of credit expires in April 2005. We are not maintaining cash reserves; therefore, if we are unable to refinance or extend these lines of credit we have a potential exposure to default. We are currently negotiating with lenders in order to replace the existing lines of credit with long-term, fixed rate debt and a smaller operating line of credit in order to mitigate our exposure to increases in interest rates and to address near-term debt expirations; however, no agreement has been executed as of the date of this report. We expect that over the long-term, we will be 15%-20% leveraged with unused amounts available under line of credit agreements for times when we need additional funds.

Additionally, we have registered with the SEC on Form S-3 additional shares to be issued under the dividend reinvestment plan upon the termination of the fourth offering registration statement in July 2004 in order to provide additional sources of cash to fund redemptions, acquisitions, or capital expenditures; however, we are not able to determine at this time what level of proceeds, if any, we may be able to raise under such a plan.

Under the terms of our current debt arrangements, we are not in violation of any debt covenants and do not anticipate being in violation of any covenants in the future based on our expectations of future debt levels, cash flows, and operating results.

As noted above, our primary use of operating cash flows is to pay for operating expenses at the property and portfolio level, including interest expense. Subsequently, we determine what, if any, capital expenditures are necessary at our properties related to maintaining or enhancing the value of our properties and retaining or attracting tenants. Given the types of buildings in our portfolio and the lease terms remaining for our current tenants, we do not anticipate significant capital expenditures at our properties will be necessary in the near term. However, as our properties age and as tenant lease expirations approach, we will be required to fund these expenditures through operating cash flows or borrowings. We are not currently maintaining reserves to fund these expenditures, but instead are attempting to maximize the stockholders dividends.

Dividends to be distributed to the stockholders are determined by our board of directors and are dependent on a number of factors, including funds available for payment of dividends, financial condition, amounts paid for properties, capital expenditure requirements and annual distribution requirements in order to maintain our status as a REIT under the Internal Revenue Code. The payment of dividends is dependent upon the net cash flows from operations as well as other factors including, but not limited to, capital expenditures and debt service requirements.

We expect to meet our long-term liquidity requirements for property acquisitions, development, investments in real estate ventures, scheduled debt maturities, major renovations, expansions, and other significant capital improvements through borrowings under our lines of credit, long-term secured and unsecured indebtedness, the proceeds from the issuance of more shares under our dividend reinvestment plan, and potentially the disposition of certain properties.

Cash Flows From Investing Activities

Comparison of year ended December 31, 2003 vs the year ended December 31, 2002

Our net cash used in investing activities was $2.2 billion for the year ended December 31, 2003, compared to $1.4 billion for the year ended December 31, 2002. The increase in net cash used in investing activities was due primarily to greater investments in properties and related assets, directly and through contributions to joint ventures, and the payment of related acquisition costs. Investments and related acquisition costs paid totaled $2.2 billion and $1.4 billion for the years ended December 31, 2003 and 2002, respectively. The increase in investments during the year ended December 31, 2003 was due to increased investor proceeds that enabled us to acquire properties meeting our investment objectives. The investment in real estate assets and joint ventures and payment of deferred leasing costs were partially offset by distributions from unconsolidated joint ventures of $10.1 million and $7.4 million for the years ended December 31, 2003 and 2002, respectively. The increase in distributions from unconsolidated joint ventures is primarily attributable to the distribution from the sale of one property.

Net cash flows used in investing activities will likely change significantly in future periods, as we do not anticipate raising significant amounts of equity or acquiring a significant number of new properties in future periods. We expect there will be some property acquisitions in future periods as we continue to invest a portion of the proceeds we receive pursuant to our dividend reinvestment plan and recycle proceeds from certain dispositions into new acquisitions. We also anticipate capital expenditures at certain properties and tenant improvements and other releasing costs as leases expire in future periods.

Comparison of the year ended December 31, 2002 vs the year ended December 31, 2001

Our net cash used in investing activities was $1.4 billion for the year ended December 31, 2002, compared to $274.6 million for the year ended December 31, 2001. These increases in net cash used in investing activities were due primarily to greater investments in properties and related assets, directly and through contributions to joint ventures, and the payment of related acquisition costs. Investments and related acquisition costs paid totaled $1.4 billion and $278.8 million for the years ended December 31, 2002 and 2001, respectively. The increase in investments during the year ended December 31, 2002 was due to our ability to increase investor proceeds to fund the acquisition of additional properties meeting our investment objectives. The investment in real estate assets and joint ventures and payment of deferred leasing costs were partially offset by distributions from unconsolidated joint ventures of $7.4 million and $4.2 million for the years ended December 31, 2002 and 2001, respectively.

Table of Contents

Cash Flows From Financing Activities

Comparison of the year ended December 31, 2003 vs the year ended December 31, 2002

Our net cash provided by financing activities was $2.0 billion and $1.2 billion for the years ended December 31, 2003 and 2002, respectively. Capital fund raising increased to $2.5 billion from $1.3 billion during the year ended December 31, 2002. The amounts raised were partially offset by the payment of commissions and offering costs totaling $260.8 million and $140.5 million for the years ended December 31, 2003 and 2002, respectively, and repurchases of shares of our common stock pursuant to our share redemption program of $43.7 million and $15.4 million for the years ended December 31, 2003, and 2002, respectively.

Additionally, we obtained funds from financing arrangements totaling $915.6 million and $212.9 million and made debt repayments of $941.6 million and $62.8 million for the years ended December 31, 2003 and 2002, respectively. We paid deferred financing costs related to new financing facilities of $8.3 million and $1.7 million during the years ended December 31, 2003 and 2002, respectively. As a result of our increased operations during the years ended December 31, 2003 and 2002, we paid dividends of $219.1 million and $105.0 million, respectively.

We anticipate cash flows from equity raising and payment of the related commissions, dealer manager fees, and other offering costs will be significantly less in the future than in prior years. Share redemptions will be dependent upon the continued availability of our share redemption program to provide some level of liquidity for our shareholders, which program may be terminated by our board of directors upon 30 days notice. Amounts paid or received related to borrowings will fluctuate depending on our cash requirements, debt maturities, and our cost of debt.

Comparison of the year ended December 31, 2002 vs the year ended December 31, 2001

Our net cash provided by financing activities was $1.2 billion and $303.5 million for the years ended December 31, 2002 and 2001, respectively. Capital fund raising increased to $1.3 billion from $522.5 million during the year ended December 31, 2001. The amounts raised were partially offset by the payment of commissions and offering costs totaling $140.5 million and $58.6 million for the years ended December 31, 2002 and 2001, respectively, and repurchases of shares of our stock of $15.4 million and $4.1 million for the years ended December 31, 2002 and 2001, respectively.

Additionally, we obtained funds from financing arrangements totaling $212.9 million and $110.2 million and made debt repayments of $62.8 million and $229.8 million for the years ended December 31, 2002 and 2001, respectively. We incurred deferred financing costs related to new financing facilities of $1.7 million during the year ended December 31, 2002. As a result of our increased operations during the years ended December 31, 2002 and 2001, we paid aggregate dividends of $105.0 million and $36.7 million, respectively.

Results of Operations

As of December 31, 2003, we owned interests in 109 real estate properties that were approximately 97% leased. Our results of operations have changed significantly for each period presented primarily as a result of the additional properties acquired during the years ended December 31, 2003, 2002, and 2001. We expect virtually all components of the statement of income will increase in future periods as a result of owning real estate assets acquired during the year ended December 31, 2003 for a full year. However, we do not expect that the operating results of individual properties will change significantly in the near term, as the rental revenues are generally based on long-term leases that do not allow for significant increases in rental income and the majority of our in-place leases do not expire in the near term. Additionally, we generally do not expect a significant increase in operating expenses at

Table of Contents

existing properties, but to the extent that operating expenses do increase, the majority of our in-place leases have clauses that require the tenant to bear the burden of such increases.

Comparison of the year ended December 31, 2003 vs the year ended December 31, 2002

Rental income increased by $186.1 million, during the year ended December 31, 2003 to $293.6 million from $107.5 million for the year ended December 31, 2002. Tenant reimbursements were $81.6 million and $19.0 million for the years ended December 31, 2003 and 2002, respectively, for an increase of $62.6 million. These increases were primarily due to the rental income and tenant reimbursements for properties acquired subsequent to December 31, 2001, which totaled $229.6 million and $64.8 million, respectively, for the year ended December 31, 2003 and $43.0 million and $4.7 million, respectively, for the year ended December 31, 2002. Tenant reimbursements were equivalent to 72% and 70% of the property operating expenses for the years ended December 31, 2003 and 2002, respectively. Rental income and tenant reimbursements in future periods are expected to increase compared to historical periods as we receive a full year s benefit from our 2003 property acquisitions.

Equity in income of unconsolidated joint ventures was $4.8 million and $4.7 million for the years ended December 31, 2003 and 2002, respectively. This change is primarily due to the additional investments in the joint venture partnership between Wells Real Estate Fund XIII, L.P. and the Wells REIT (Fund XIII-REIT) in December 2002 and September 2003. These additional investments are partially offset by the sale of one property in September 2003. To the extent that no additional investments in or disposals of joint ventures are made, we would not expect the equity in income of joint ventures to change significantly in future periods from the results recognized during the year ended December 31, 2003.

Interest and other income was $5.0 million and $8.4 million for the years ended December 31, 2003 and 2002, respectively. Any funds received from stockholders that have not yet been invested in real estate asset investments and cash generated from operations between distribution payments are invested in short-term investments resulting in interest income. At certain times during the year ended December 31, 2002, we held a significant amount of cash on hand that had not been invested in real estate asset investments resulting in a higher amount of interest income. Of the total amount of interest and other income, $3.9 million and $2.8 million was attributable to interest on the bonds related to the Ingram Micro Building and ISS Atlanta Buildings for the years ended December 31, 2003 and 2002, respectively, which is offset by the related interest expense associated with the bonds resulting in no net impact to our net income. During the year ended 2002, we recognized lease termination income of $1.4 million relating to a lease termination by Arthur Andersen compared to no recognition of lease termination income in 2003. The level of interest income in future periods will primarily be dependent upon the amount of operating cash on hand. Accordingly, interest income for the years ended December 31, 2003 and 2002, may not be indicative of interest income for future periods.

Depreciation expense was $107.0 million and $38.8 million for the years ended December 31, 2003 and 2002, respectively. The increase of $68.2 million in depreciation expense is primarily due to the acquisition of properties since December 31, 2001. Depreciation expense related to assets acquired after December 31, 2001, was $85.5 million and $17.5 million for the years ended December 31, 2003 and 2002, respectively. Depreciation expense represented 36% of rental income for the years ended December 31, 2003 and 2002. Depreciation expense in future periods is expected to increase as a full year of depreciation expense is recognized for our 2003 property acquisitions; however, depreciation expense as a percentage of rental income should remain relatively consistent unless the relationship between the cost of assets and the revenues earned changes significantly.

Property operating expenses were $112.9 million and $26.9 million for the years ended December 31, 2003 and 2002, respectively. The $86.0 million increase in property operating costs is primarily due to the property operating costs associated with the properties acquired subsequent to December 31, 2001,

Table of Contents

which totaled $94.1 million and $8.4 million for the years ended December 31, 2003 and 2002, respectively. Property operating costs represented 30% and 21% of the sum of the rental income and tenant reimbursements revenue amounts for the years ended December 31, 2003 and 2002, respectively. The increase in property operating costs as a percentage of the sum of rental income and tenant reimbursements is primarily due to the acquisition of certain full service multi-tenant properties in 2003 that have a significantly higher ratio of property operating costs to revenues. Property operating costs are expected to increase as a full year of operating expenses is incurred for the properties acquired in 2003, but are expected to remain relatively consistent with the year ended December 31, 2003, as a percentage of the sum of rental income and tenant reimbursements.

Asset and property management fees expenses were $13.3 million and $4.9 million for the years ended December 31, 2003 and 2002, respectively, representing approximately 4% of the sum of the rental income and tenant reimbursements revenue amounts in each year. The increase in the asset and property management fees was primarily due to the fees associated with properties acquired subsequent to December 31, 2001, which totaled $10.0 million and $1.6 million for the years ended December 31, 2003 and 2002, respectively. Asset and property management fees are expected to increase as a full year of expense is recognized related to our 2003 property acquisitions, but are expected to remain relatively consistent as a percentage of the sum of rental income and tenant reimbursements.

Amortization of deferred leasing costs was $3.7 million and $0.3 million for the years ended December 31, 2003 and 2002, respectively. The increase is due to the adoption of Statement of Financial Accounting Standards No. 141 Business Combinations, (FAS 141) resulting in more acquired assets being classified as intangible lease assets compared to prior periods resulting in additional amortization expense, as well as the signing of second-generation leases at some of our properties during the year ended December 31, 2003. It is expected that amortization of deferred leasing costs will increase in future years as a full year of amortization expense is recognized relating to our 2003 property acquisitions and as more second-generation leases are entered into in future periods.

General and administrative costs were $9.6 million and $4.3 million for the years ended December 31, 2003 and 2002, respectively, representing approximately 3% of total revenues for the years ended December 31, 2003 and 2002. General and administrative expenses are expected to remain relatively consistent in future periods, both in total and as a percentage of total revenues.

Interest expense and amortization of deferred financing costs was $18.5 million and $4.6 million for the years ended December 31, 2003 and 2002, respectively. Of this amount, $3.9 million and $2.8 million was attributable to interest on the bonds related to the Ingram Micro Building and ISS Atlanta Buildings for the years ended December 31, 2003 and 2002, respectively, which is offset by the related interest income associated with the bonds, as noted above. Amortization of deferred financing costs was $4.6 million and $0.8 million during the years ended December 31, 2003 and 2002, respectively, with the increase primarily due to costs associated with new borrowings we entered into during 2003 and the write-off of deferred financing costs we acquired upon the acquisition of the Leo Burnett Building due to a December 31, 2003 refinancing agreement. Interest expense paid to third parties (excluding the interest on the bonds and amortization of deferred financing costs) for the year ended December 31, 2003, increased as compared to the year ended December 31, 2002, due to higher average amounts of borrowings outstanding during the years and comparable interest rates during the two years. Interest expense in future years will be dependent upon the amount of borrowings outstanding, current interest rates, and the deferred financing costs associated with obtaining debt facilities. Historical results are not expected to be indicative of interest expense in future periods.

Earnings per share for the year ended December 31, 2003 was $0.37 compared to $0.41 for the year ended December 31, 2002. This decrease is primarily a result of the higher cost of investments in the real estate assets we acquired relative to returns on those investments and allocation of purchase

Table of Contents

consideration to shorter-lived intangible assets, due to the implementation of FAS 141, resulting in lower per share earnings in 2003.

Comparison of the year ended December 31, 2002 vs the year ended December 31, 2001

Rental income increased by $63.3 million during the year ended December 31, 2002 to $107.5 million from $44.2 million for the year ended December 31, 2001. Tenant reimbursements were $19.0 million and $6.8 million for the years ended December 31, 2002 and 2001, respectively, for an increase of $12.2 million. The increases were primarily due to the rental income and tenant reimbursements for properties acquired subsequent to December 31, 2000, which totaled $67.9 million and $10.9 million, respectively, for the years ended December 31, 2002 and $4.9 million and $0.3 million, respectively, for the year ended December 31, 2001.

Equity in income of unconsolidated joint ventures was $4.7 million and $3.7 million for the years ended December 31, 2002 and 2001, respectively. The increase is primarily a result of recognizing a full year of operations in the year ended December 31, 2002 for the investments in joint ventures made during the year ended December 31, 2001.

Interest and other income was $8.4 million and $1.5 million for the years ended December 31, 2002 and 2001, respectively. Of this amount, $2.8 million and $0.5 million was attributable to interest on the bonds related to the Ingram Micro Building and ISS Atlanta Buildings, which is offset by the related interest expense associated with the bonds, as noted above. Any funds received from stockholders that have not yet been invested in real estate asset investments and cash generated from operations between distribution payments are invested in short-term investments resulting in interest income. At certain times during the year ended December 31, 2002, we held significant amounts of cash on hand resulting in the relatively high interest income during the year. The level of interest income was dependent upon our ability to find suitable real estate asset investments on a pace consistent with the raising of investor proceeds. Additionally, during the year ended 2002, we recognized lease termination income of $1.4 million relating to a lease termination by Arthur Andersen, compared to no recognition of lease termination income in 2001.

Depreciation expense was $38.8 million and $15.3 million for the years ended December 31, 2002 and 2001, respectively. The $23.5 million increase in depreciation expense is primarily due to the acquisition of properties since December 31, 2000. Depreciation expense related to assets acquired after December 31, 2000, was $25.1 million and $1.8 million for the years ended December 31, 2002 and 2001, respectively. Depreciation expense represented 36% and 35% of rental income for the years ended December 31, 2002 and 2001, respectively. The change between periods is generally due to a change in applicable cost of the real estate assets compared to the straight-line revenues generated by the real estate assets.

Property operating costs were $26.9 million and $10.9 million for the years ended December 31, 2002 and 2001, respectively. The increase in property operating costs is primarily due to the property operating costs associated with the properties acquired subsequent to December 31, 2000, which totaled $16.6 million and $0.9 million for the years ended December 31, 2002 and 2001, respectively. Property operating costs represented 21% of the sum of the rental income and tenant reimbursements revenue amounts for the years ended December 31, 2002 and 2001, respectively.

Asset and property management fees expenses were $4.9 million and $2.2 million for the years ended December 31, 2002 and 2001, respectively, representing approximately 4% of the sum of the rental income and tenant reimbursements revenue amounts. The increase in the asset and property management fees was primarily due to the fees associated with properties acquired subsequent to December 31, 2000, which totaled $2.9 million and $0.2 million for the years ended December 31, 2002 and 2001, respectively.

51

Table of Contents

General and administrative costs were $4.3 million and $1.6 million for the years ended December 31, 2002 and 2001, respectively. The increase in the expenses is attributable to our increased size compared to the year ended December 31, 2001, but represents 3% of total revenues for the years ended December 31, 2002 and 2001.

Interest expense and amortization of deferred financing costs was $4.6 million and $4.2 million for the years ended December 31, 2002 and 2001, respectively. Of this amount, $2.8 million and $0.5 million was attributable to interest on the bonds related to the Ingram Micro Building and ISS Atlanta Buildings for the years ended December 31, 2002 and 2001, respectively, which is offset by the related interest income associated with the bonds, as noted above. Interest expense payable to third parties (excluding the interest on the bonds) for the year ended December 31, 2002 decreased, as compared to the year ended December 31, 2001, due to lower average amounts of borrowings outstanding during the periods as well as lower interest rates.

Earnings per share for the year ended December 31, 2002 was $0.41 compared to $0.43 for the year ended December 31, 2001. This decrease is primarily a result of the higher cost of investments in the real estate assets we acquired in 2002 relative to returns on those investments resulting in lower per share earnings in 2002, as compared to 2001.

Funds from Operations

Funds from Operations (FFO), as defined by the National Association of Real Estate Investment Trusts (NAREIT), generally means net income, computed in accordance with accounting principles generally accepted in the United States (GAAP) excluding extraordinary items (as defined by GAAP) and gains (or losses) from sales of property, plus depreciation and amortization on real estate assets, and after adjustments for unconsolidated partnerships, joint ventures and subsidiaries. We believe that FFO is helpful to investors as a measure of the performance of an equity REIT. However, our calculation of FFO, while consistent with NAREIT s definition, may not be comparable to similarly titled measures presented by other REITs. FFO does not represent cash generated from operating activities in accordance with GAAP and should not be considered as an alternative to net income as an indication of our performance or to cash flows as a measure of liquidity or ability to make distributions.

The following table reflects the calculation of FFO for each of the three years ended December 31, 2003, 2002, and 2001 in thousands:

	December 31, 2003	December 31, 2002	December 31, 2001
Funds from Operations:			
Net income	$ 120,685	$ 59,854	$ 21,724
Add:			
Depreciation of real assets	107,012	38,780	15,345
Amortization of deferred leasing Costs	3,732	303	303
Depreciation and amortization unconsolidated partnerships	3,476	2,861	3,212
Funds from Operations (FFO)	$ 234,905	$ 101,798	$ 40,584
Weighted average shares outstanding	324,092	145,633	51,082

In order to recognize revenues on a straight-line basis over the terms of the respective leases, we recognized straight-line rental revenue of $16.2 million, $7.6 million, and $2.8 million during the years ended December 31, 2003, 2002, and 2001, respectively.

Table of Contents

Amortization of the intangible lease assets and liabilities resulted in a net decrease in rental revenue of $4.0 million for the year ended December 31, 2003.

The amortization of deferred financing costs in the accompanying consolidated statements of income totaled approximately $4.6 million, $0.8 million and $0.7 million for the years ended December 31, 2003, 2002, and 2001, respectively.

Inflation

The real estate market has not been affected significantly by inflation in the past three years due to the relatively low inflation rate. As a mitigating factor, there are provisions in the majority of our leases, which protect us from inflation as the majority of our leases are economically net leases. These provisions generally include rent steps, reimbursement billings for operating expense pass-through charges, real estate tax and insurance reimbursements or, in some cases, annual reimbursement of operating expenses above a certain allowance. However, due to the long-term nature of the leases, the leases may not re-set frequently enough to cover inflation.

Application of Critical Accounting Policies

Our accounting policies have been established to conform with GAAP. The preparation of financial statements in conformity with GAAP requires us to use judgment in the application of accounting policies, including making estimates and assumptions. These judgments affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenue and expenses during the reporting periods. If our judgment or interpretation of the facts and circumstances relating to various transactions had been different, it is possible that different accounting policies would have been applied, thus, resulting in a different presentation of the financial statements. Additionally, other companies may utilize different estimates that may impact comparability of our results of operations to those of companies in similar businesses.

The critical accounting policies outlined below have been discussed with members of the audit committee of the board of directors.

Investment in Real Estate Assets

We are required to make subjective assessments as to the useful lives of our depreciable assets. We consider the period of future benefit of the asset to determine the appropriate useful lives. These assessments have a direct impact on net income. All assets are depreciated on a straight line basis. The estimated useful lives of our assets by class are as follows:

Building	25 years
Building improvements	10-25 years
Land improvements	20-25 years
Tenant improvements	Lease term
Intangible lease assets	Lease term

In the event that inappropriate useful lives or methods are used for depreciation and amortization, our net income would be misstated.

Allocation of Purchase Price of Acquired Assets

Upon the acquisition of real properties, it is our policy to allocate the purchase price of properties to acquired tangible assets, consisting of land and building, and identified intangible assets and liabilities, consisting of the value of above-market and below-market leases, and the value of in-place leases, based in each case on their fair values.

The fair values of the tangible assets of an acquired property (which includes land and building) are determined by valuing the property as if it were vacant, and the as-if-vacant value is then allocated to land and building based on our determination of the relative fair value of these assets. We determine the as-if vacant fair value of a property using methods similar to those used by independent appraisers. Factors considered by us in performing these analyses include an estimate of carrying costs during the expected lease-up periods considering current market conditions and costs to execute similar leases. In estimating carrying costs, we include real estate taxes, insurance, and other operating expenses during the expected lease-up periods based on current market demand. We estimate costs to execute similar leases including leasing commissions and other related costs.

The fair values of above-market and below-market in-place leases are recorded based on the present value (using an interest rate which reflects the risks associated with the leases acquired) of the difference between (i) the contractual amounts to be paid pursuant to the in-place leases and (ii) our estimate of fair market lease rates for the corresponding in-place leases, measured over a period equal to the remaining term of the leases. The capitalized above-market and below-market lease values are recorded as intangible lease assets or liabilities and amortized as an adjustment to rental income over the remaining terms of the respective leases.

The fair values of in-place leases include direct costs associated with obtaining a new tenant, opportunity costs associated with lost rentals which are avoided by acquiring an in-place lease, and tenant relationships. Direct costs associated with obtaining a new tenant include commissions, tenant improvements and other direct costs and are estimated based on management s consideration of current market costs to execute a similar lease. These direct costs are included in deferred leasing costs in the accompanying consolidated balance sheets and are amortized to expense over the remaining terms of the respective leases. The value of opportunity costs is calculated using the contractual amounts to be paid pursuant to the in-place leases over a market absorption period for a similar lease. Customer relationships are valued based on expected renewal of a lease or the likelihood of obtaining a particular tenant for other locations. These lease intangibles are included in intangible lease assets in the accompanying consolidated balance sheets and are amortized to rental income over the remaining term of the respective leases.

Estimates of the fair values of the tangible and intangible assets require us to estimate market lease rates, property operating expenses, carrying costs during lease-up periods, discount rates, market absorption periods, and the number of years the property is held for investment. The use of inappropriate estimates would result in an incorrect assessment of our purchase price allocations, which could impact the amount of our reported net income.

Valuation of Real Estate Assets

We continually monitor events and changes in circumstances that could indicate that the carrying amounts of the real estate and related intangible assets, both operating properties and properties under construction, in which we have an ownership interest, either directly or through investments in joint ventures, may not be recoverable. When indicators of potential impairment are present which indicate that the carrying amounts of real estate and related intangible assets may not be recoverable, we assess the recoverability of these assets by determining whether the carrying value will be recovered through the undiscounted future operating cash flows expected from the use of the asset and its eventual disposition. In the event that such expected undiscounted future cash flows do not exceed the carrying value, we adjust the real estate and related intangible assets to the fair value and recognize an impairment loss.

Projections of expected future cash flows require that we estimate future market rental income amounts subsequent to the expiration of current lease agreements, property operating expenses, discount

rates, the number of months it takes to release the property and the number of years the property is held for investment, among other factors. The use of inappropriate assumptions in the future cash flow analysis would result in an incorrect assessment of the property s future cash flows and fair value, and could result in the misstatement of the carrying value of our real estate and related intangible assets and our net income.

Off Balance Sheet Financing Transactions

We have not entered into any off balance sheet financing transactions.

Contractual Commitments and Contingencies

We are subject to certain contingent liabilities and contractual commitments with regard to certain transactions as discussed in the following paragraphs.

Take Out Purchase and Escrow Agreement

Our Advisor and its affiliates have developed a program (Wells Section 1031 Program) involving the acquisition by a subsidiary of Wells Management (Wells Exchange) of income-producing commercial properties and the formation of a series of single member limited liability companies or other entities for the purpose of facilitating the resale of co-tenancy interests in such real estate properties to be owned in co-tenancy arrangements with persons (1031 Participants) who are seeking to invest the proceeds from a sale of real estate held for investment in another real estate investment for purposes of qualifying for like-kind exchange treatment under Section 1031 of the Internal Revenue Service Code. The acquisition of each of the properties acquired by Wells Exchange is generally financed by a combination of permanent first mortgage financing and interim loan financing obtained from institutional lenders.

Following the acquisition of each property, Wells Exchange attempts to sell co-tenancy interests to 1031 Participants, the proceeds of which are used to repay a pro-rata portion of the interim financing. In consideration for the payment of a take out fee to us and following approval of the potential property acquisition by our board of directors, it is anticipated that we may enter into a take out purchase and escrow agreement or similar contract providing that, if Wells Exchange is unable to sell all of the co-tenancy interests in that particular property to 1031 Participants, we would be obligated to purchase, at Wells Exchange s cost, any co-tenancy interests remaining unsold at the end of the offering period.

As of December 31, 2003, all of the co-tenancy interests in the two Section 1031 programs with which we have previously been involved have been sold to 1031 Participants, and, therefore, we had no commitment related to the program at that time.

Letters of Credit

At December 31, 2003, we had two letters of credit totaling approximately $14.9 million outstanding from financial institutions, consisting of letters of credit of approximately $14.5 million and $0.4 million with expiration dates of February 28, 2004 and February 2, 2004, respectively. These letters of credit were required by two unrelated parties to ensure completion of our obligations under certain earn-out and construction agreements. Both of these letters expired prior to the date of the filing of this report without requiring the need for us to draw down on the letters.

Commitments Under Existing Lease Agreements

Certain lease agreements include provisions that, at the option of the tenant, may obligate us to expend certain amounts of capital to expand an existing property, construct on adjacent property or provide other expenditures for the benefit of the tenant, in favor of additional rental revenue. At December 31, 2003, no tenants have exercised such options that have not been fully satisfied as of that date.

Table of Contents

Earn-out Agreements

In connection with the acquisition of the East Point I and II Buildings, we entered into an earn-out agreement relating to approximately 16,000 square feet whereby we are required to pay the seller certain amounts for each new, fully executed lease after the date of acquisition of the property but on or before March 31, 2004. Payments shall be the anticipated first year s annual rent less operating expenses with the sum divided by 0.105 and the result reduced by tenant improvement costs related to the space. As of December 31, 2003, payments totaling $1.4 million have been made under this agreement and approximately 6,000 square feet remain subject to the agreement.

As part of the acquisition of the GMAC Detroit Building, we entered into an agreement to pay the seller certain amounts for each new, fully executed lease entered into after the date of acquisition of the building but on or before November 8, 2004. Payments are calculated by dividing the sum of the anticipated first year s annual rent less operating expenses by 0.095, with the result being reduced by tenant improvement costs related to the space. As of December 31, 2003, no payments have been made under this agreement.

As part of the acquisition of the 60 Broad Street New York Building, we entered into an agreement to pay the seller, who maintained a limited economic interest, an amount for securing a qualifying lease agreement or renewal relating to specified space, which is currently occupied. In the event that the seller is successful in securing a qualifying lease for the specified space, payment is determined primarily by calculating the net present value of the rental income over the term of the lease. As of December 31, 2003, the seller had not yet secured a qualifying lease, and no payments have been made under the agreement.

Operating Leasehold Property Obligations

Certain properties are subject to certain ground leases with expiration dates ranging from 2049 to 2082. The ground leases require monthly rental payments through the respective expiration dates.

Capital Lease Obligations

Certain properties are subject to certain ground leases meeting the qualifications as a capital lease as fee title of the land will be transferred to us upon payment of the capital lease obligations. Each obligation requires interest only payments and payment of the obligation in full at maturity, which range from 2015 until 2026 with certain prepayment options. The interest payments are offset entirely by interest income, as we also own the bonds associated with the properties, resulting in no net impact on our operations or cash flow.

Litigation

In the normal course of business, we, our Advisor, or affiliates of our Advisor that we are dependent upon may become subject to litigation or claims.

On October 9, 2003, Stephen L. Flood, the Luzerne County Controller, and the Luzerne County Retirement Board (Luzerne Board) on behalf of the Luzerne County Employee Retirement System (Plan) filed a lawsuit in the U.S. District Court, Middle District of Pennsylvania against 26 separate defendants including the Wells REIT, Wells Investment Securities, Inc. (Wells Investment Securities), and Wells Real Estate Funds, Inc., the parent company of both our Advisor and Wells Investment Securities (Wells Luzerne County Defendants). The complaint alleges, among other things, (1) that certain former members of the Luzerne Board named as defendants invested $10 million in our stock on behalf of the Plan, (2) that certain former board member defendants breached their fiduciary duties to the Plan by, among other things, permitting the investment of the Plan s funds in investments not suitable for the Plan because they were long-term illiquid investments, permitting the Plan to pay excessive fees and commissions to

56

co-defendants, and accepting political contributions in exchange for awarding advisory and management agreements, (3) that the Wells Luzerne County Defendants and others knew or should have known that the investment, and the fees and commissions associated with the investment, was not a proper investment for the Plan because it was a long-term illiquid investment, (4) that the Wells Luzerne County Defendants and others knew or should have known that certain Luzerne Board members and certain investment advisors and managers were breaching their fiduciary duties to the Plan, (5) that the defendants engaged in and conspired to engage in an improper scheme to intentionally defraud the Plan, and (6) that the investment was not approved by a majority of the Luzerne Board at a public meeting and, consequently, the investment was an inappropriate and void action. The Plan is seeking damages of not less than $25 million, treble damages and punitive damages from all defendants on a joint and several liability basis. We believe that this lawsuit is without merit with respect to the Wells Luzerne County Defendants. While it is too early to determine the likely outcome of this lawsuit, we do not believe a reserve for a loss contingency is necessary.

In November 2002, we contracted to purchase an office building located in Ramsey County, Minnesota, from Shoreview Associates LLC (Shoreview), who filed a lawsuit against us in Minnesota state court alleging that Shoreview was entitled to approximately $0.8 million in earnest money that we had deposited under the contract. This dispute was settled during November 2003, resulting in us receiving substantially all the earnest money. Under the terms of the settlement, no additional exposure exists relating to this dispute.

NASD Enforcement Action

On August 26, 2003, Wells Investment Securities and Leo F. Wells, III, our president and member of our board of directors, settled an NASD disciplinary proceeding against them by entering into a Letter of Acceptance, Waiver and Consent (AWC) with the NASD which contained findings by the NASD including that Wells Investment Securities and Mr. Wells had violated certain of its Conduct Rules related to providing non-cash compensation of more than $100 to associated persons of NASD member firms in connection with their attendance at the annual educational conferences sponsored by Wells Investment Securities in 2001 and 2002, and that Wells Investment Securities and Mr. Wells failed to adhere to all the terms of a written undertaking made in March 2001. Wells Investment Securities consented to a censure and Mr. Wells consented to suspension from acting in a principal capacity with a member firm for one year. Wells Investment Securities and Mr. Wells also agreed to the imposition of a joint and several fine in the amount of $150,000. We do not expect any material impact on our financial position or results of operations as a result of this settlement, and we are not aware of any additional exposure related to the NASD settlement.

Related Party Transactions and Agreements

We have entered into agreements with our Advisor and its affiliates, whereby we pay certain fees or reimbursements to our Advisor or its affiliates for acquisition and advisory fees and expenses, organization and offering costs, sales commissions, dealer manager fees, asset and property management fees, and reimbursement of operating costs. See Note 10 to our consolidated financial statements included in this supplement for a discussion of the various related party transactions, agreements, and fees.

Conflicts of Interest

Our Advisor is also a general partner in and advisor to various Wells Real Estate Funds. As such, there are conflicts of interest where our Advisor, while serving in the capacity as general partner or advisor for Wells Real Estate Funds, may be in competition with us in connection with property acquisitions or for tenants in similar geographic markets. The compensation arrangements with our Advisor and its affiliates could influence our Advisor s and its affiliates advice to us.

Additionally, certain members of our board of directors also serve on the board of another REIT sponsored by our Advisor and will encounter certain conflicts of interest regarding investment and operations decisions.

57

Table of Contents

Subsequent Events

Sale of Shares of Our Common Stock

From January 1, 2004 through April 20, 2004, we raised approximately $55.4 million through the issuance of approximately 5.5 million shares of our common stock, approximately $10.5 million of which related to requests for transfer of assets received prior to November 21, 2003, and approximately $44.9 million of which related to sales of stock pursuant to our dividend reinvestment plan. Unless a subsequent offering is initiated, we will issue no additional shares, except pursuant to our dividend reinvestment plan.

Redemptions of Shares of Our Common Stock

From January 1, 2004 through April 20, 2004, we redeemed approximately 5.8 million shares of our common stock at an aggregate cost of approximately $58.3 million pursuant to our share redemption program, of the total of $97.2 million allocated for redemptions under the share redemption program during the year ending December 31, 2004. Of the $97.2 million allocated for share redemptions this year, our board of directors has set aside up to 20% for redemptions upon the death of a stockholder.

Dividend Declaration

On March 12, 2004, our board of directors declared dividends for the second quarter of 2004 in the amount of a 7.0% annualized percentage return on investment of $10 per share, payable to the stockholders on a daily record basis.

Property Acquisitions

1414 Massachusetts Avenue Cambridge Building

On January 8, 2004, we purchased a five-story office building containing approximately 78,000 rentable square feet located at 1414 Massachusetts Avenue in Cambridge, Massachusetts (1414 Massachusetts Avenue Cambridge Building), for a purchase price of $42.1 million, plus closing costs.

The 1414 Massachusetts Avenue Cambridge Building, which was completed in 1873 and completely renovated in 2001, is leased to President and Fellows of Harvard College (approximately 63%) and Fleet (approximately 34%). Approximately 3% of the 1414 Massachusetts Avenue Cambridge Building is currently vacant.

Russell Tacoma Building

On January 9, 2004, we purchased a 12-story office building containing approximately 225,000 rentable square feet located on an approximately 1.3-acre tract of land at 909 A Street in Tacoma, Washington (Russell Tacoma Building), for a purchase price of $52.0 million, plus closing costs. The Russell Tacoma Building, which was built in 1988, is entirely leased under a net lease to Frank Russell Company.

Brattle Square Cambridge Building

On February 26, 2004, we purchased, through two wholly-owned subsidiaries, a six-story office building containing approximately 98,000 rentable square feet located on a 0.7-acre tract of land at One Brattle Square in Cambridge, Massachusetts (Brattle Square Cambridge Building), for a purchase price of approximately $69.7 million, plus closing costs. The Brattle Square Cambridge Building, which was built in 1991, is primarily leased to The President and Fellows of Harvard College (approximately 56%). Various other tenants lease approximately 43% of the building. Approximately 1% of the Brattle Square Cambridge Building is currently vacant.

Table of Contents

Merck New Jersey Property

On March 16, 2004, Wells OP purchased a 9.0 acre tract of land located at 600 Corporate Drive in the 78 Corporate Center Office Park in Lebanon, New Jersey for a purchase price of $3.9 million. In April 2004, Wells OP will commence construction on a four-story office building containing approximately 125,000 rentable square feet (Merck Project). The aggregate cost for the acquisition and development of the Merck Project is currently anticipated to be approximately $25 million. Wells OP obtained a construction loan in the amount of $21.1 million from Bank One, NA to fund the construction of the Merck Project. In addition, Wells OP entered into a development agreement, an architect agreement and a design and build agreement to construct the Merck Project on the Merck New Jersey Property. The Merck New Jersey Property is leased entirely to Merck & Co., Inc. (Merck).

Repayment of Borrowings

On January 31, 2004 and February 2, 2004, we repaid the $112.3 million and $90.0 million notes payable by increasing the borrowings under our existing line of credit.

Litigation Against Our Advisor and Other Affiliates

On or about March 12, 2004, a putative class action complaint relating to Wells Real Estate Fund I, a public limited partnership offered to the public from 1984 through 1986 (Wells Fund I), was filed by four limited partners holding Class B Units in Wells Fund I against Leo F. Wells, III, our president and a director, Wells Capital, our Advisor, Wells Investment Securities, our dealer manager, Wells Management, our property manager, and Wells Fund I (Wells Defendants) (Hendry et al. v. Leo F. Wells, III et al., Superior Court of Gwinnett County, Georgia, Civil Action No. 04-A-2791 2). The Wells Defendants received notice of the complaint on or about March 19, 2004. The plaintiffs filed the complaint purportedly on behalf of all limited partners holding Class B units in Wells Fund I as of January 15, 2003. The complaint alleges, among other things, that (a) during the offering period (September 6, 1984 through September 5, 1986), Mr. Wells, Wells Capital, Wells Investment Securities, and Wells Fund I negligently and/or fraudulently made false statements and/or made material omissions in connection with the initial sale of the Class B units to investors of Wells Fund I by making false statements or omissions in the Wells Fund I sales literature relating to the distribution of net sale proceeds to holders of Class B units; (b) Mr. Wells, Wells Capital and Wells Fund I negligently and/or fraudulently misrepresented and/or concealed disclosure of, among other things, alleged discrepancies between such statements and the allocations in the partnership agreement for a period of time in order to raise money for future syndications and to delay such investors from taking any legal, equitable or other action to protect their investments in Wells Fund I; and (c) Mr. Wells, Wells Capital and Wells Fund I breached their fiduciary duties to the limited partners. The plaintiffs seek, among other remedies, the following: rescission of all class members purchases of Class B units and an order for a full refund of all money paid for such units together with interest; judgment against the Wells Defendants, jointly and severally, in an amount to be proven at trial; punitive damages; judicial dissolution of Wells Fund I and the appointment of a receiver to wind up and terminate the partnership; and an award to plaintiffs of their attorneys fees, costs and expenses. Due to the uncertainties inherent in the litigation process, it is not possible to predict the ultimate outcome of this matter at this time; however, an adverse outcome could adversely affect the ability of Wells Capital and Mr. Wells to fulfill their duties under the agreements and relationships they have with us.

Section 1031 Exchange Program

On April 27, 2004, Wells OP entered into a take out purchase and escrow agreement relating to an office building in Irving, Texas, pursuant to which, Wells OP is obligated to acquire from Wells Exchange, at Wells Exchange s cost, any co-ownership interests in the Irving, Texas office building which remain unsold on October 27, 2004.

Table of Contents

The obligations of Wells OP under the take out purchase and escrow agreement are secured by a line of credit with Bank of America, N.A. (BOA). Wells OP s maximum economic exposure in the transaction is approximately $14.5 million, in which event Wells OP would acquire the Irving, Texas office building for approximately $14.5 million in cash. If Wells Exchange successfully sells 100% of the co-ownership interests, Wells OP will not acquire any interest in the Irving, Texas office building. If some, but not all, of the co-ownership interests are sold by Wells Exchange, Wells OP s exposure would be less, and it would end up owning an interest in the property in co-ownership with other investors who had previously acquired co-ownership interests in the Irving, Texas office building from Wells Exchange.

$200 Million Note Payable

On April 20, 2004, we closed on a $200.0 million loan collateralized by the Aon Center Chicago Building. The note evidencing this indebtedness accrues interest at a rate of 4.87% per annum and matures in 2014.

Financial Statements

Audited Financial Statements

Arthur Andersen LLP

The consolidated financial statements of the Wells REIT, as of December 31, 2001, and for the period ended December 31, 2001, and Schedule III - Real Estate Investments and Accumulated Depreciation as of December 31, 2001, included in this supplement and elsewhere in the registration statement, were audited by Arthur Andersen LLP (Andersen), independent public accountants, as indicated in their report with respect thereto, and are included in this supplement in reliance upon the authority of said firm as experts in giving said report.

Andersen ceased operations during 2002 and, accordingly, has not reissued their report related to previously audited financial statements. Additionally, Andersen has not consented to the use of their report related to previously audited financial statements. Events arising out of the ceased operations of Andersen may adversely affect the ability of Andersen to satisfy any potential claims that may arise out of Andersen s audits of the financial statements contained in this supplement. In addition, our inability to obtain a consent from Andersen may also adversely affect your ability to pursue potential claims against Andersen.

Ernst & Young LLP

The consolidated financial statements of the Wells REIT, as of and for the year ended December 31, 2003 and 2002, and Schedule III - Real Estate Assets and Accumulated Depreciation as of December 31, 2003 and 2002, included in this supplement and elsewhere in the registration statement, have been audited by Ernst & Young LLP, independent auditors, as set forth in their report thereon appearing elsewhere herein, and are included in reliance upon such report given on the authority of such firm as experts in accounting and auditing.

The statements of revenues over certain operating expenses of the 60 Broad Street New York Building, the 1901 Market Street Philadelphia Building, the Bank of America Orange County Building, the AIU Chicago Building, the Aventis Northern NJ Building, the Cingular Atlanta Building, the Lockheed Martin Rockville Buildings, the Aon Center Chicago Building, and the US Bancorp Minneapolis Building for the year ended December 31, 2002, which are included in this supplement, have been audited by Ernst & Young LLP, independent auditors, as set forth in their reports thereon appearing elsewhere herein, and are included in reliance upon such reports given on the authority of such firm as experts in accounting and auditing.

The statements of revenues over certain operating expenses of the Nestle Building, the Caterpillar Nashville Building, the NASA Buildings, the KeyBank Parsippany Building, the IRS Long Island Buildings, and the Harcourt Austin Building for the year ended December 31, 2001, which are included in this supplement, have been audited by Ernst & Young LLP, independent auditors, as set forth in their reports thereon appearing elsewhere herein, and are included in reliance upon such reports given on the authority of such firm as experts in accounting and auditing.

Table of Contents

Unaudited Financial Statements

The statements of revenues over certain operating expenses of the 60 Broad Street New York Building, the 1901 Market Street Philadelphia Building, and the Bank of America Orange County Building for the nine months ended September 30, 2003, which are included in this supplement, have not been audited.

The statements of revenues over certain operating expenses of the AIU Chicago Building, the Aventis Northern NJ Building, the Cingular Atlanta Building, and the Lockheed Martin Rockville Buildings for the six months ended June 30, 2003, which are included in this supplement, has not been audited.

The statements of revenues over certain operating expenses of the Aon Center Chicago Building for the three months ended March 31, 2003, which are included in this supplement, have not been audited.

The statements of revenues over certain operating expenses of the Nestle Building, the Caterpillar Nashville Building, and the NASA Buildings for the nine months ended September 30, 2002, which are included in this supplement, have not been audited.

The statements of revenues over certain operating expenses of the KeyBank Parsippany Building, the IRS Long Island Buildings, and the Harcourt Austin Building for the six months ended June 30, 2002, which are included in this supplement, have not been audited.

Prior Performance Tables

The prior performance tables dated as of December 31, 2003, which are included in this supplement and elsewhere in the registration statement, have not been audited.

INDEX TO FINANCIAL STATEMENTS

Table of Contents

INDEX TO FINANCIAL STATEMENTS

(cont d)

Table of Contents

INDEX TO FINANCIAL STATEMENTS

(cont d)

Table of Contents

INDEX TO FINANCIAL STATEMENTS

(cont d)

Table of Contents

INDEX TO FINANCIAL STATEMENTS

(cont d)

Table of Contents

Report of Independent Auditors

Board of Directors and Stockholders

Wells Real Estate Investment Trust, Inc.

We have audited the accompanying consolidated balance sheets of Wells Real Estate Investment Trust, Inc. as of December 31, 2003 and 2002, and the related consolidated statements of income, stockholders equity, and cash flows for the years then ended. Our audits also included the financial statement schedule listed in the index at Item 15(a) as of December 31, 2003 and 2002. These financial statements and schedule are the responsibility of the Company s management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits. The financial statements and schedule of Wells Real Estate Investment Trust, Inc. and subsidiary for the year ended December 31, 2001 were audited by other auditors who have ceased operations and whose report dated January 25, 2002 expressed an unqualified opinion on those financial statements and schedule before the restatement adjustments and disclosures described in Note 2.

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

In our opinion, the 2003 and 2002 financial statements referred to above present fairly, in all material respects, the consolidated financial position of Wells Real Estate Investment Trust, Inc. at December 31, 2003 and 2002 and the consolidated results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

As discussed above, the financial statements of Wells Real Estate Investment Trust, Inc. and subsidiary for the year then ended December 31, 2001 were audited by other auditors who have ceased operations. As described in Note 2, these financial statements have been restated. We audited the adjustments described in Note 2 that were applied to restate the 2001 financial statements. Our procedures included (a) agreeing the amounts in the restatement adjustments columns to the corresponding accounts maintained in the underlying records of the Company, and (b) testing the application of the adjustments to the historical amounts. In our opinion, such adjustments are appropriate and have been properly applied. Additionally, as described in Note 2, these financial statements have been revised to include disclosure of the number of weighted average shares outstanding for the year ended December 31, 2001 on the consolidated statement of income. Our audit procedures with respect to this disclosure included recalculating the number of weighted average shares outstanding for the year ended December 31, 2001 by dividing the net income amount previously reported on the consolidated statement of income in 2001 by the earnings per share amount previously reported on the consolidated statement of income in 2001. In our opinion, the disclosure of the number of weighted average shares outstanding on the consolidated statement of income for the year ended December 31, 2001 is appropriate. However, we were not engaged to audit, review, or apply any procedures to the 2001 financial statements of Wells Real Estate Investment Trust, Inc. and subsidiary other than with respect to such restatement adjustments and disclosures and, accordingly, we do not express an opinion or any other form of assurance on the 2001 financial statements taken as a whole.

As discussed in Note 2, in 2002 the Company adopted Statement of Financial Accounting Standards No. 141, Business Combinations and No. 142, Goodwill and Other Intangible Assets .

/S/ ERNST & YOUNG LLP

Atlanta, Georgia
February 18, 2004

Table of Contents

(The following is a copy of the audit report previously issued by Arthur Andersen LLP in connection with the consolidated financial statements of Wells Real Estate Investment Trust, Inc. for the fiscal year ended December 31, 2001 included in the 2001 Form 10-K filing. This audit report has not been reissued by Arthur Andersen in connection with the filing of this Form 10-K for the fiscal year ended December 31, 2003.)

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Wells Real Estate Investment Trust, Inc.:

We have audited the accompanying consolidated balance sheets of **Wells Real Estate Investment Trust, Inc.** (a Maryland corporation) **and subsidiary** as of December 31, 2001 and 2000 and the related consolidated statements of income, shareholders equity, and cash flows for each of the three years in the period ended December 31, 2001. These financial statements and the schedule referred to below are the responsibility of the Company s management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Wells Real Estate Investment Trust, Inc. and subsidiary as of December 31, 2001 and 2000 and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2001 in conformity with accounting principles generally accepted in the United States.

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

/s/ ARTHUR ANDERSEN LLP

Atlanta, Georgia

January 25, 2002

Table of Contents

WELLS REAL ESTATE INVESTMENT TRUST, INC.

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2003 and 2002

(in thousands, except share amounts)

	December 31, 2003	December 31, 2002
Assets:		
Real estate assets, at cost:		
Land	$ 649,788	$ 279,185
Buildings and improvements, less accumulated depreciation of $172,105 at December 31, 2003, and $63,594 at December 31, 2002	3,483,409	1,683,036
Intangible lease assets, less accumulated amortization of $9,646 at December 31, 2003	225,701	12,060
Construction in progress	2,609	42,746
Total real estate assets	4,361,507	2,017,027
Investments in unconsolidated joint ventures	102,832	83,915
Cash and cash equivalents	64,469	45,464
Tenant receivables	56,175	19,321
Deferred project costs		1,494
Due from affiliates	3,072	1,961
Prepaid expenses and other assets	5,687	3,239
Deferred financing costs, less accumulated amortization of $3,624 and $1,234 at December 31, 2003 and 2002, respectively	5,472	1,168
Deferred lease costs, less accumulated amortization of $4,741 and $840 at December 31, 2003 and 2002, respectively	189,685	1,638
Investment in bonds	64,500	54,500
Total assets	$ 4,853,399	$ 2,229,727
Liabilities and Stockholders Equity:		
Borrowings	$ 612,514	$ 248,195
Obligations under capital leases	64,500	54,500
Intangible lease liabilities, less accumulated amortization of $5,603 at December 31, 2003	60,571	32,697
Accounts payable and accrued expenses	74,500	24,580
Due to affiliates	32,520	15,975
Dividends payable	13,562	6,046
Deferred rental income	28,025	11,584
Total liabilities	886,192	393,577
Commitments and Contingencies		
Minority Interest	4,801	200
Stockholders Equity:		
Common shares, $.01 par value; 750,000,000 shares authorized, 471,510,044 shares issued and 465,049,864 outstanding at December 31, 2003, and 750,000,000 shares authorized, 217,790,874 shares issued and 215,699,717 shares outstanding at December 31, 2002	4,715	2,178
Additional paid-in capital	4,202,554	1,929,381
Cumulative distributions in excess of earnings	(180,261)	(74,310)

Treasury stock, at cost, 6,460,180 shares at December 31, 2003 and 2,091,157 shares at December 31, 2002	(64,602)	(20,912)
Other comprehensive loss		(387)
Total stockholders equity	3,962,406	1,835,950
Total liabilities and stockholders equity	$ 4,853,399	$ 2,229,727

See accompanying notes.

Table of Contents

WELLS REAL ESTATE INVESTMENT TRUST, INC.

CONSOLIDATED STATEMENTS OF INCOME

FOR THE YEARS ENDED DECEMBER 31, 2003, 2002 AND 2001

(in thousands, except per share amounts)

	2003	2002	2001
Revenues:			
Rental income	$ 293,630	$ 107,526	$ 44,204
Tenant reimbursements	81,575	18,992	6,830
Equity in income of unconsolidated joint ventures	4,751	4,700	3,721
Interest and other income	5,000	8,410	1,521
	384,956	139,628	56,276
Expenses:			
Depreciation	107,012	38,780	15,345
Property operating costs	112,922	26,949	10,901
Asset and property management fees	13,334	4,852	2,204
Amortization of deferred leasing costs	3,732	303	303
General and administrative expense	9,625	4,252	1,618
Interest expense	18,488	4,638	4,181
	265,113	79,774	34,552
Income before minority interest	119,843	59,854	21,724
Minority interest in earnings of consolidated entities	842		
Net income	$ 120,685	$ 59,854	$ 21,724
Net income available per share:			
Basic and diluted	$ 0.37	$ 0.41	$ 0.43
Weighted average shares outstanding:			
Basic and diluted	324,092	145,633	51,082

See accompanying notes.

70

Table of Contents

WELLS REAL ESTATE INVESTMENT TRUST, INC.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2003, 2002 AND 2001

(in thousands, except per share amounts)

	Common Stock			Cumulative		Treasury Stock			
	Shares	Amount	Additional Paid-In Capital	Distributions in Excess of Earnings	Retained Earnings	Shares	Amount	Other Comprehensive Income	Total Stockholders Equity
Balance, December 31, 2000	31,510	$ 315	$ 275,573	$ (9,133)	$	141	$ (1,413)	$	$ 265,342
Issuance of common stock	52,251	523	521,994						522,517
Treasury stock purchased						414	(4,137)		(4,137)
Dividends ($0.76 per share)				(15,048)	(21,724)				(36,772)
Sales commissions and dealer manager fees			(49,246)						(49,246)
Other offering costs			(10,085)						(10,085)
Net income					21,724				21,724
Balance, December 31, 2001	83,761	838	738,236	(24,181)		555	(5,550)		709,343
Issuance of common stock	134,030	1,340	1,338,953						1,340,293
Treasury stock purchased						1,536	(15,362)		(15,362)
Dividends ($0.76 per share)				(50,129)	(59,854)				(109,983)
Sales commissions and dealer manager fees			(127,332)						(127,332)
Other offering costs			(20,476)						(20,476)
Components of comprehensive income:									
Net income					59,854				59,854
Loss on interest rate swap								(387)	(387)
Comprehensive income									59,467
Balance, December 31, 2002	217,791	$ 2,178	$ 1,929,381	$ (74,310)	$	2,091	$ (20,912)	$ (387)	$ 1,835,950
Issuance of common stock	**253,719**	**2,537**	**2,534,655**						**2,537,192**

Table of Contents

	Common Stock			Cumulative		Treasury Stock			
			Additional	Distributions					Total
			Paid-In	in Excess	Retained			Other Comprehensive	Stockholders
	Shares	Amount	Capital	of Earnings	Earnings	Shares	Amount	Income	Equity
Treasury stock purchased						4,369	(43,690)		(43,690)
Dividends ($0.70 per share)				(105,951)	(120,685)				(226,636)
Sales commissions and dealer manager fees			(239,949)						(239,949)
Other offering costs			(21,533)						(21,533)
Components of comprehensive income:									
Net income					120,685				120,685
Gain on interest rate swap								387	387
Comprehensive income									121,072
Balance, December 31, 2003	471,510	$ 4,715	$ 4,202,554	$ (180,261)	$	6,460	$ (64,602)	$	$ 3,962,406

See accompanying notes.

72

Table of Contents

WELLS REAL ESTATE INVESTMENT TRUST, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2003, 2002 AND 2001

(in thousands)

	2003	2002	2001
Cash Flows from Operating Activities:			
Net income	**120,685**	$ 59,854	$ 21,724
Adjustments to reconcile net income to net cash provided by operating activities:			
Equity in income of unconsolidated joint ventures	**(4,751)**	(4,700)	(3,721)
Minority interest in earnings of consolidated entities	**(842)**		
Depreciation	**107,012**	38,780	15,345
Amortization of deferred financing costs	**4,552**	845	770
Amortization of deferred lease costs	**3,732**	303	303
Amortization of intangible lease assets and liabilities, net	**4,043**		
Land received in lease termination		(430)	
Write-off of deferred lease acquisition costs			62
Changes in assets and liabilities:			
Tenant receivables	**(20,823)**	(13,318)	(2,222)
Due to/from affiliates	**(359)**	(289)	1
Prepaid expenses and other assets, net	**(2,532)**	(3,248)	3,246
Accounts payable and accrued expenses	**9,977**	15,853	6,561
Deferred rental income	**16,441**	10,922	280
Total adjustments	**116,450**	44,718	20,625
Net cash provided by operating activities	**237,135**	104,572	42,349
Cash Flows from Investing Activities:			
Investment in real estate and related assets	**(1,680,816)**	(1,308,759)	(227,934)
Contributions to joint ventures	**(24,059)**	(8,910)	(33,691)
Investment in intangible lease assets	**(223,288)**	(12,060)	
Other assets acquired upon business acquisition	**(12,811)**		
Deferred project costs paid	**(75,800)**	(39,797)	(17,220)
Deferred lease acquisition costs paid	**(190,668)**	(400)	
Investment in bonds	**(10,000)**		
Distributions received from joint ventures	**10,096**	7,388	4,239
Net cash used in investing activities	**(2,207,346)**	(1,362,538)	(274,606)
Cash Flows from Financing Activities:			
Proceeds from notes payable	**915,601**	212,906	110,243
Repayments of notes payable	**(941,647)**	(62,835)	(229,782)
Issuance of bonds	**10,000**		
Dividends paid to stockholders	**(219,121)**	(104,996)	(36,737)
Issuance of common stock	**2,537,192**	1,340,293	522,517
Treasury stock purchased	**(43,690)**	(15,362)	(4,137)
Sales commissions and dealer manager fees paid	**(244,310)**	(127,332)	(49,246)

Other offering costs paid	**(16,463)**	(13,156)	(9,313)
Deferred financing costs paid	**(8,346)**	(1,674)	
Net cash provided by financing activities	**1,989,216**	1,227,844	303,545
Net increase (decrease) in cash and cash equivalents	**19,005**	(30,122)	71,288
Cash and cash equivalents, beginning of year	**$ 45,464**	$ 75,586	$ 4,298
Cash and cash equivalents, end of year	**$ 64,469**	$ 45,464	$ 75,586

See accompanying notes.

73

Table of Contents

WELLS REAL ESTATE INVESTMENT TRUST, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2003, 2002 and 2001

1. Organization

Wells Real Estate Investment Trust, Inc. (Wells REIT) is a Maryland corporation that qualifies as a real estate investment trust (REIT). Wells REIT was incorporated in 1997 and commenced operations on June 5, 1998. Substantially all of Wells REIT s business is conducted through Wells Operating Partnership, L.P. (Wells OP), a Delaware limited partnership, or Wells OP s subsidiaries. Wells REIT is the sole general partner of Wells OP. Wells OP owns certain properties directly or through wholly-owned subsidiaries and has also entered into certain joint ventures with real estate limited partnership programs sponsored by Wells Capital Inc. (the Advisor) or the Advisor s affiliates, as well as certain joint ventures with parties not otherwise affiliated with Wells REIT or its Advisor. References to Wells REIT herein shall include all subsidiaries of Wells REIT, including Wells OP, its subsidiaries and any consolidated joint ventures.

Wells REIT engages in the acquisition and ownership of commercial real estate properties throughout the United States, including properties that are under construction, are newly constructed or have operating histories for investment purposes. As of December 31, 2003, all such properties were acquired, developed and operated by Wells REIT alone or jointly with another party, including affiliates of. the Advisor and other parties not otherwise affiliated with Wells REIT or the Advisor. As of December 31, 2003, all properties owned by Wells REIT are office or industrial buildings; however, Wells REIT is not limited to such investments.

At December 31, 2003, Wells REIT owned interests in 109 properties either directly or through joint venture agreements comprising approximately 24.7 million square feet of commercial office space located in 26 states and the District of Columbia. At December 31, 2003, these properties were approximately 97% leased.

Wells REIT completed four offerings of common stock at $10 per share resulting in approximately 471.5 million shares being sold as of December 31, 2003 which are held by approximately 118,000 stockholders. Details of each offering are as follows:

Offering #	Date Commenced	Termination Date	Gross Proceeds	Shares Issued
1	January 30, 1998	December 19, 1999	$ 132.2 million	13.2 million
2	December 20, 1999	December 19, 2000	$ 175.2 million	17.5 million
3	December 20, 2000	July 26, 2002	$1,283.0 million	128.3 million
4	July 26, 2002	*December 11, 2003	$3,124.7 million (through December 31, 2003)	312.5 million (through December 31, 2003)
Total as of December 31,			$4,715.1 million	471.5 million

2003

* As of December 11, 2003, there were no shares remaining available for sale to the public pursuant to the 4th offering, exclusive of (1) shares available for sale to current stockholders of Wells REIT under the

74

Table of Contents

dividend reinvestment plan, and (2) shares reserved to complete requests for transfer of asset transactions which were received on or before November 21, 2003. The issuance of shares pursuant to Wells REIT s dividend reinvestment plan will continue until the earlier of the issuance of all shares remaining under the fourth offering or July 25, 2004. Shares have been reserved for requests for transfer of assets received prior to November 21, 2003, but have not been included in the above amounts as the shares are not considered outstanding until all supporting documentation has been processed.

After incurring costs from all offerings of approximately $162.8 million in acquisition and advisory fees and expenses, approximately $446.8 million in selling commissions and dealer manager fees, approximately $61.5 million in organization and other offering costs and common stock redemptions of approximately $64.6 million pursuant to Wells REIT s share redemption program, approximately $4.0 billion was available for investment in real estate assets, substantially all of which had been invested as of December 31, 2003.

Wells REIT s stock is not listed on a national exchange. However, Wells REIT s Articles of Incorporation currently require Wells REIT to begin the process of liquidating its investments and distributing the resulting proceeds to the stockholders if its shares are not listed on a national exchange by January 30, 2008. Wells REIT s Articles of Incorporation can only be amended by a proxy vote of Wells REIT s stockholders.

2. Summary of Significant Accounting Policies

Principles of Consolidation and Basis of Presentation

The consolidated financial statements include the accounts of Wells REIT, Wells OP and any other entities for which Wells REIT or Wells OP has a controlling financial interest or is deemed to be the primary beneficiary as described below. In determining whether a controlling financial interest exists, Wells REIT considers ownership of voting interests, protective rights and participatory rights of the investors. Any intercompany balances and transactions are eliminated upon consolidation. Financial statements of consolidated entities are prepared using accounting policies materially consistent with Wells REIT.

In January 2003, the Financial Accounting Standards Board issued Interpretation No. 46 (FIN 46), Consolidation of Variable Interest Entities, which clarifies the application of Accounting Research Bulletin (ARB) No. 51, Consolidated Financial Statements, relating to consolidation of certain entities. FIN 46 requires the identification of Wells REIT s participation in variable interest entities (VIEs), which are defined as entities with a level of invested equity that is not sufficient to fund future activities to permit them to operate on a stand alone basis, or whose equity holders lack certain characteristics of a controlling financial interest. For entities identified as a VIE, the entity that bears a majority of the exposure to its expected losses, or stands to gain from a majority of its expected returns must consolidate the VIE. FIN 46 is effective for all new VIEs created or acquired after January 31, 2003. For VIEs created or acquired prior to February 1, 2003, the provisions of FIN 46 must be applied for the first interim or annual period ending after December 15, 2003. FIN 46 also sets forth certain disclosures regarding interests in VIEs that are deemed significant, even if consolidation is not required. The adoption of FIN 46 did not result in the consolidation of any previously unconsolidated entities or the consolidation of any entities that would not be consolidated under the previous guidance.

Use of Estimates

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

Table of Contents

Investments in Unconsolidated Joint Ventures

Wells REIT does not consolidate investments in joint ventures in which Wells REIT does not control the joint venture, including joint ventures requiring consent of both partners for all major decisions, regardless of whether Wells REIT owns a majority interest in the venture. These investments are accounted for using the equity method of accounting, whereby original investments are recorded at cost, and subsequently adjusted for contributions, distributions, and the investor s share of income or losses of the joint ventures. Allocations of income and loss and distributions by the joint ventures are made in accordance with the terms of the individual joint venture agreements. Generally, these items are allocated in proportion to the partners respective ownership interests, which approximates economic ownership. Generally, cash distributions are made from the joint ventures to the investor on a quarterly basis.

Real Estate Assets

Real estate assets are stated at cost, less accumulated depreciation. Amounts capitalized to real estate assets consist of the cost of acquisition or construction, and any tenant improvements or major improvements and betterments, which extend the useful life of the related asset. All repairs and maintenance are expensed as incurred. Additionally, Wells REIT capitalizes interest when development of a real estate asset is in progress. Approximately $0.7 million, $0.8 million and $0.1 million of interest was capitalized for the years ended December 31, 2003, 2002 and 2001, respectively.

Wells REIT s real estate assets are depreciated using the straight-line method over the useful lives of the assets by class as follows:

Buildings	25 years
Building improvements	10-25 years
Land improvements	20-25 years
Tenant improvements	Lease term
Intangible lease assets	Lease term

The related depreciation and amortization is recorded in the consolidated statements of income, including the depreciation related to assets subject to capital lease obligations.

Management continually monitors events and changes in circumstances that could indicate that carrying amounts of real estate and related intangible assets may not be recoverable. When indicators of potential impairment are present, management assesses the recoverability of the assets by determining whether the carrying value of the real estate and related intangible assets will be recovered through the undiscounted future cash flows expected from the use and eventual disposition of the asset. In the event the expected undiscounted future cash flows do not exceed the carrying value, management adjusts the real estate and intangible assets to the fair value and recognizes an impairment loss. Management has determined that there has been no impairment in the carrying value of real estate assets held by Wells REIT or any unconsolidated joint ventures during the years ended December 31, 2003, 2002, and 2001.

Effective January 1, 2002, Wells REIT adopted the Statement of Financial Accounting Standards No. 144 Accounting for the Impairment or Disposal of Long Lived Assets (SFAS 144), which supersedes Statement of Financial Accounting Standards No. 121 Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of (SFAS 121) and Accounting Principles Board No. 30 Reporting the Results of Operations-Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual or Infrequently

Occurring Events or Transactions, with regard to impairment assessment and discontinued operations respectively. In the year ended December 31, 2002, adoption of this standard did not have a significant impact on Wells REIT, as SFAS 144 did not significantly change the measurement criteria for impairment under SFAS 121. Additionally, no properties were disposed of during the years ended December 31, 2003 and 2002 resulting in discontinued operations.

Table of Contents

Cash and Cash Equivalents

Wells REIT 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 consists of investments in money market accounts. At December 31, 2003 and 2002, there are no restrictions on the use of Wells REIT s cash.

Tenant Receivables

Tenant accounts receivable are recognized and carried at original amount earned less a provision for any uncollectible amounts, which approximates fair value. An allowance for uncollectible amounts is made when collection of the full amount is no longer probable. Bad debt expense was $0.4 million and $0.1 million for the years ended December 31, 2003 and 2002, respectively.

Tenant receivables also includes notes receivable from tenants to fund certain expenditures related to the property and are recorded at the face amount, less any principal payments through the date of the consolidated balance sheet. Notes bear interest at rates comparable to tenants with similar borrowing characteristics; therefore the carrying amount approximates the fair value of the notes as of the date of the consolidated balance sheets.

Deferred Project Costs

Wells REIT pays certain fees to the Advisor with regard to the acquisition of properties which are capitalized to the cost of the properties and depreciated on the same basis and over the respective useful life of the related asset. Deferred project costs represent costs incurred for properties yet to be acquired.

Prepaid Expenses and Other Assets

Prepaid expenses and other assets include prepaid property operating expenses, earnest money amounts, and purchase price escrows. Any amounts with no future economic benefit are written off when identified.

Deferred Financing Costs

Deferred financing costs are capitalized and amortized to interest expense on a straight-line basis over the terms of the related financing arrangement. The related amortization expense for deferred financing costs for the years ended December 31, 2003, 2002 and 2001 was $4.6 million, $0.8 million and $0.8 million respectively.

Deferred Lease Costs

Costs incurred to procure operating leases, including those identified as part of the purchase price allocation process, are capitalized and amortized on a straight-line basis over the terms of the related lease. The related amortization expense for deferred lease acquisition costs was $3.7 million, $0.3 million and $0.3 million for the years ended December 31, 2003, 2002 and 2001, respectively.

Allocation of Purchase Price of Acquired Assets

On January 1, 2002, Wells REIT adopted Statement of Financial Accounting Standards No. 141 Business Combinations, (FAS 141) and Statement of Financial Accounting Standards No. 142 Goodwill and Intangibles (FAS 142). These standards govern business combinations, asset acquisitions and the accounting for acquired intangibles.

Table of Contents

Upon the acquisition of real properties, it is Wells REIT s policy to allocate the purchase price of properties to acquired tangible assets, consisting of land and building, and identified intangible assets and liabilities, consisting of the value of above-market and below-market leases, and the value of in-place leases, based in each case on their fair values.

The fair values of the tangible assets of an acquired property (which includes land and building) are determined by valuing the property as if it were vacant, and the as-if-vacant value is then allocated to land and building based on management s determination of the relative fair value of these assets. Management determines the as-if vacant fair value of a property using methods similar to those used by independent appraisers. Factors considered by management in performing these analyses include an estimate of carrying costs during the expected lease-up periods considering current market conditions and costs to execute similar leases. In estimating carrying costs, management includes real estate taxes, insurance, and other operating expenses during the expected lease-up periods based on current market demand. Management estimates costs to execute similar leases including leasing commissions, and other related costs.

The fair values of above-market and below-market in-place leases are recorded based on the present value (using an interest rate which reflects the risks associated with the leases acquired) of the difference between (i) the contractual amounts to be paid pursuant to the in-place leases and (ii) management s estimate of fair market lease rates for the corresponding in-place leases, measured over a period equal to the remaining term of the leases. The capitalized above-market and below-market lease values are recorded as intangible lease assets or liabilities and amortized as an adjustment to rental income over the remaining terms of the respective leases.

The fair values of in-place leases include direct costs associated with obtaining a new tenant, opportunity costs associated with lost rentals which are avoided by acquiring an in-place lease, and tenant relationships. Direct costs associated with obtaining a new tenant include commissions, tenant improvements and other direct costs and are estimated based on management s consideration of current market costs to execute a similar lease. These direct costs are included in deferred lease costs in the accompanying consolidated balance sheets and are amortized to expense over the remaining terms of the respective leases. The value of opportunity costs is calculated using the contractual amounts to be paid pursuant to the in-place leases over a market absorption period for a similar lease. Customer relationships are valued based on expected renewal of a lease or the likelihood of obtaining a particular tenant for other locations. These lease intangibles are included in intangible lease assets in the accompanying consolidated balance sheets and are amortized to rental income over the remaining term of the respective leases.

During the year ended December 31, 2003, Wells REIT recognized approximately $2.8 million of amortization expense relating to deferred lease costs and approximately $4.0 million of amortization relating to intangible lease assets and liabilities that was recognized as a net decrease in rental revenues.

During the years ended December 31, 2003 and 2002, approximately $223.2 million and $12.1 million, respectively, were recognized as intangible lease assets and included in real estate assets in the consolidated balance sheets, and approximately $33.5 million and $32.7 million, respectively, were recognized as intangible lease liabilities. In 2003, approximately $179.0 million was recognized as lease origination costs and included in deferred lease costs in the consolidated balance sheets.

Table of Contents

The remaining unamortized balance for these intangible assets will be amortized as follows (in thousands):

	Intangible Lease Asset Amortization	Intangible Lease Liability Amortization	Intangible Lease Origination Costs Amortization
For the year ending December 31:			
2004	$ 40,268	$ 7,470	$ 21,363
2005	39,114	7,470	21,251
2006	35,966	6,641	20,879
2007	32,500	5,838	20,318
2008	27,407	5,838	17,684
Thereafter	50,446	27,314	74,703
	$ 225,701	$ 60,571	$ 176,198
Weighted Average Amortization Period	7 years	10 years	11 years

Investments in Bonds and Obligations Under Capital Leases

As a result of certain purchase transactions, Wells REIT has acquired investments in bonds and certain obligations under capital leases. Wells REIT records the bonds and obligations under capital leases at the amounts Wells REIT expects to pay and receive. Because Wells REIT is obligated to pay the indebtedness evidenced by the bonds, Wells REIT has recorded these obligations as liabilities; however, since Wells REIT is also the owner of the bonds, the bonds are carried on Wells REIT s books as assets. In each occurrence that Wells REIT has acquired certain obligations under capital leases, Wells REIT has also acquired an offsetting investment in bonds. The related offsetting interest amounts are recorded as interest income and interest expense in the period that the amounts accrue, with no net impact on the results of operations of Wells REIT.

Borrowings

All loans are recorded at the stated principal amount, which approximates fair value. Interest is charged to interest expense as it accrues, except for interest qualifying for capitalization relating to properties under development.

Dividends Payable and Distribution Policy

Wells REIT intends to make distributions each taxable year (not including a return of capital for federal income tax purposes) equal to at least 90% of its taxable income. Wells REIT intends to pay regular quarterly dividend distributions to stockholders. Dividends will be made to those stockholders who are stockholders of record as of daily record dates.

Dividends to be distributed to the stockholders are determined by the board of directors of Wells REIT and are dependent upon a number of factors relating to Wells REIT, including funds available for payment of dividends, financial condition, the timing of property acquisitions, capital expenditure requirements and annual distribution requirements in order to maintain Wells REIT s status as a REIT under the Internal Revenue Code.

Offering and Related Costs

Offering costs are charged by the Advisor for costs incurred by the Advisor for raising capital for Wells REIT. Such costs include legal and accounting fees, printing costs, sales, promotional, and other offering

79

Table of Contents

costs. Such costs, as well as sales commissions and dealer manager fees associated with the offering of shares, which are approximately 7% and up to 2.5%, respectively, of gross offering proceeds, are accounted for as a reduction of equity.

Minority Interest

Minority interest in earnings of consolidated entities in the consolidated statements of income represents earnings allocated to minority interests based on the economic ownership percentage of the consolidated partnerships held by third parties throughout the year. Minority interest in the consolidated balance sheets represents the economic equity interests of consolidated partnerships that are not owned by Wells REIT.

Treasury Stock

Wells REIT currently has a share redemption plan in place whereby Wells REIT acquires shares from stockholders, subject to certain limitations. Wells REIT accounts for these share repurchases using the treasury stock method.

Revenue Recognition

All leases on real estate assets held by Wells REIT are classified as operating leases, and the related rental income is recognized on a straight-line basis over the terms of the respective leases, unless rental income is dependent upon criteria that cannot be determined at inception of the lease. Tenant reimbursements are recognized as revenue in the period that the related operating cost is incurred, and, therefore contractually earned and billable pursuant to the terms of the underlying lease. Rents paid in advance, which do not qualify for revenue recognition, are deferred to future periods.

Revenues earned relating to lease termination agreements are recognized at the time the tenant loses the right to lease the space and when Wells REIT has satisfied all obligations under the agreement.

Stock-Based Compensation

As permitted by the provisions of Statement of Financial Accounting Standards No. 123 Accounting and Disclosure for Stock-Based Compensation, Wells REIT applies Accounting Principles Board Opinion No. 25 Accounting for Stock Issued to Employees (APB 25) and the related interpretations in accounting for its stock option grants to members of the board of directors, and accordingly, does not recognize compensation cost in the consolidated statements of income based upon the fair value of stock based compensation but instead provides pro forma disclosure in the notes to the consolidated financial statements. For the years ended December 31, 2003, 2002 and 2001, stock option grants did not have any impact on the consolidated statements of income as the fair value at the date of issue for each grant is estimated at $0.

Earnings Per Share

Earnings per share are calculated based on the weighted average number of common shares outstanding during each period. The weighted average number of common shares outstanding is identical for basic and fully diluted earnings per share. Outstanding stock options and warrants have been excluded from the diluted earnings per share calculation as their impact would be anti-dilutive using the treasury stock method, as the exercise price of the options and warrants exceed the fair value of the stock.

Financial Instruments

Wells REIT considers its cash, accounts receivable, accounts payable, bonds, obligations under capital leases, and notes payable to meet the definition of financial instruments. At December 31, 2003 and 2002, the carrying value of Wells REIT s financial instruments approximated their fair value. Notes payable

Table of Contents

bear interest based on variable interest rates that periodically adjust to market, have had interest imputed at the company s borrowing rate, or are at fixed rates, which approximate current market borrowing rates for similar borrowing arrangements.

Interest Rate Swap Agreements

Statement of Financial Accounting Standards No. 133 Accounting for Derivative Instruments and Heding Activities as amended requires recording all derivative instruments as assets or liabilities, measured at fair value in the consolidated balance sheet. Wells REIT has previously entered into certain interest rate swap agreements to minimize Wells REIT s exposure to increases in interest rates on certain variable interest rate agreements, but has not entered into any other derivative transactions. At the time of entering into the agreement and on an ongoing basis until expiration, Wells REIT considered effectiveness of the interest rate swap at hedging Wells REIT s exposure to interest rate fluctuations. Wells REIT recognizes any interest rate swap agreements at fair value at each balance sheet date. If the agreement is deemed to effectively hedge the risk, the corresponding change in value is recorded as an adjustment to other comprehensive income. In the event that the swap is not effective, the corresponding change in fair value of the swap is recorded in the consolidated statements of income. Each interest rate swap agreement entered into by Wells REIT to date has been deemed effective, and, therefore reflected as a component of other comprehensive income, with no impact on the consolidated statements of income.

The fair value of the swap agreements, if any, are included in prepaid and other assets or accounts payable and accrued expenses in the consolidated balance sheets. The value of the interest rate swaps outstanding as of December 31, 2003 and 2002 were $0 and approximately $(0.4) million, respectively. Net receipts and payments are recognized as adjustments to interest expense. For the year ended December 31, 2003 and 2002, Wells REIT made interest payments totaling approximately $0.4 million and $0.2 million, respectively, under the terms of the two interest rate swaps outstanding during the periods, including any termination fees paid, all of which has been capitalized to the carrying value of the respective buildings.

Income Taxes

Wells REIT has elected to be taxed as a REIT under the Internal Revenue Code of 1986, as amended, and has operated as such beginning with its taxable year ended December 31, 1998. To qualify as a REIT, Wells REIT must meet certain organizational and operational requirements, including a requirement to distribute at least 90% of Wells REIT s ordinary taxable income to stockholders. As a REIT, Wells REIT generally will not be subject to federal income tax on taxable income that it distributes to its stockholders. If Wells REIT fails to qualify as a REIT in any taxable year, it will then be subject to federal income taxes on its taxable income for four years following the year during which qualification is lost, unless the Internal Revenue Service grants Wells REIT relief under certain statutory provisions. Such an event could materially adversely affect Wells REIT s net income and net cash available for distribution to stockholders. However, Wells REIT believes that it is organized and operates in such a manner as to qualify for treatment as a REIT and intends to continue to operate in the foreseeable future in such a manner that Wells REIT will remain qualified as a REIT for federal income tax purposes. No provision for federal income taxes has been made in the accompanying consolidated financial statements, as Wells REIT made distributions in excess of taxable income for the periods presented. Wells REIT is subject to certain state and local taxes related to the operations of properties in certain locations, which has been provided for in the accompanying consolidated financial statements.

Table of Contents

Restatement Adjustments and Disclosures

Wells REIT and its joint ventures had historically reported property operating costs net of reimbursements from tenants as an expense in its consolidated statements of income prior to the year ended December 31, 2002. These costs include property taxes, property insurance, utilities, repairs and maintenance, management fees and other expenses related to the ownership and operation of Wells REIT s properties that are required to be reimbursed by the properties tenants in accordance with the terms of their leases. In response to FASB Emerging Issues Task Force consensus reached in November 2001, Wells REIT and its joint ventures now present these reimbursements as revenue and the gross property operating costs as expenses effective January 1, 2002. Consequently, the accompanying consolidated statements of income of Wells REIT for the year ended December 31, 2001 have been restated to reflect the effects of this revised presentation.

	2001		
	As Previously Reported (000s)	**Restatement Adjustments (000s)**	**As Restated (000s)**
Revenues:			
Rental income	$ 44,204	**$**	$ 44,204
Tenant reimbursements		**6,830**	6,830
Equity in income of unconsolidated joint ventures	3,721		3,721
Take out fee	138	**(138)**	
Interest and other income	1,246	**275**	1,521
	49,309	**6,967**	56,276
Expenses:			
Depreciation	15,345		15,345
Property operating costs	4,129	**6,772**	10,901
Asset and property management fees	2,507	**(303)**	2,204
Amortization of deferred leasing costs		**303**	303
General and administrative	974	**644**	1,618
Amortization of deferred financing costs	770	**(770)**	
Legal and accounting	449	**(449)**	
Interest expense	3,411	**770**	4,181
	27,585	**6,967**	34,552
Net income	$ 21,724	**$**	$ 21,724

In addition, the condensed combined statements of income disclosed in Note 4 have also been restated to reflect the effects of this revised presentation.

Since this presentation does not impact the amount of reimbursements received or property operating costs incurred and requires equal adjustments to revenues and expenses, the adoption of this guidance had no impact on the financial position, net income, earnings per share or cash flows of Wells REIT.

Furthermore, the statements of income for the year ended December 31, 2001 have been revised to include disclosure of the weighted average shares outstanding.

82

Table of Contents

Reclassifications

Certain amounts in the December 31, 2002 consolidated balance sheet and in the consolidated statement of income for the year then ended, have been reclassified to conform to the current period presentation.

Impact of Recent Accounting Pronouncements

In May 2003, the Financial Accounting Standards Board (FASB) issued Statement No. 150 Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity (FAS 150), certain components of which were deferred by the FASB in October 2003 for an indefinite period. This statement establishes standards for classifying and measuring as liabilities certain financial instruments that embody obligations of the issuer and have characteristics of both liabilities and equity. FAS 150 requires, among other things, that a minority interest in a consolidated entity be classified as a liability and reported at settlement value if an unconditional obligation to exercise or redeem the minority interest exists. Certain finite life partnerships for which a minority interest is owned by third parties are consolidated by Wells REIT with the corresponding minority interest currently being classified as minority interest. Until further guidance is provided during the deferral period for FAS 150, this interest will continue to be recorded as minority interest in Wells REIT s consolidated financial statements, however, as additional guidance is provided the accounting treatment may change in future periods. As the standard is subject to modification and has not been implemented, the impact of the standard cannot currently be determined.

3. Real Estate Assets

Acquisitions

During the years ended December 31, 2003, 2002 and 2001 Wells REIT acquired ownership interests in certain properties for a combined total purchase price of approximately $2.5 billion, $1.4 billion and $0.2 billion, respectively, exclusive of related closing costs and acquisition and advisory fees paid to the Advisor, either as asset purchases or by acquiring an ownership interest in the owner of the real estate assets. These costs were allocated among the appropriate tangible and intangible assets and liabilities in accordance with FAS 141 and FAS 142.

Build-to-Suit Projects

During the year ended December 31, 2003, Wells REIT completed build-to-suit projects with a total investment amount of approximately $85.4 million, including the Nissan Building, AmeriCredit Building, and Kerr-McGee Building. No built-to-suit projects were completed during the years ended December 31, 2002 and 2001.

Table of Contents

4. Investments in unconsolidated joint ventures

At December 31, 2003, Wells REIT, through its ownership in Wells OP, owns interests in certain properties through unconsolidated joint ventures with affiliates of the Advisor as outlined below:

Joint Venture	Joint Venture Partners	Ownership Percentage	Properties Held by Joint Venture
Fund XIII-REIT Joint Venture	Wells OP Wells Real Estate Fund XIII, L.P.	72%	AmeriCredit Building ADIC Buildings John Wiley Building AIU Chicago Building
Fund XII-REIT Joint Venture	Wells OP Wells Real Estate Fund XII, L.P.	55%	Siemens Building AT&T Oklahoma Buildings Comdata Building
Fund XI-XII-REIT Joint Venture	Wells OP Wells Real Estate Fund XI, L.P. Wells Real Estate Fund XII, L.P.	57%	EYBL CarTex Building Sprint Building Johnson Matthey Building Gartner Building
Fund IX-X-XI-REIT Joint Venture	Wells OP Wells Real Estate Fund IX, L.P. Wells Real Estate Fund X, L.P. Wells Real Estate Fund XI, L.P.	4%	Alstom Power Knoxville Building Ohmeda Building Interlocken Building Avaya Building Iomega Building
Wells/Freemont Associates Joint Venture (the Freemont Joint Venture)	Wells OP Fund X-XI Joint Venture	78%	Fairchild Building
Wells/Orange County Associates Joint Venture (the Orange County Joint Venture)	Wells OP Fund X-XI Joint Venture	44%	(1)
Fund VIII-IX-REIT Joint Venture	Wells OP Fund VIII-IX Joint Venture	16%	Quest Building

(1)

Orange County Joint Venture sold its interest in its only property on September 11, 2003 for approximately $5.8 million in gross sales proceeds, resulting in a loss of approximately $0.4 million, with approximately $0.2 million being allocated to Wells OP. The initial purchase price of the building was approximately $6.4 million. Proceeds from the sale were distributed to the respective partners resulting in minimal assets and liabilities remaining in Orange County Joint Venture at December 31, 2003. The sale proceeds allocable to Wells OP were approximately $2.4 million.

The investment objectives of each joint venture in which Wells OP is a partner with affiliates of the Advisor are consistent with those of Wells REIT. Through Wells OP, Wells REIT is acting as the initial administrative venturer, as defined in the respective agreements, of each of the joint venture partners included above, and as such, is responsible for establishing policies and operating procedures with respect to the business and affairs of each of these joint ventures with affiliates of the Advisor. However,

Table of Contents

approval of the other joint venturers is required for any major decision or any action that materially affects these joint ventures or their real property investments.

Wells OP s investment balance and percentage ownership in unconsolidated joint ventures at December 31, 2003 and 2002 are summarized as follows:

	2003		2002	
	Amount (000s)	**Percent**	Amount (000s)	Percent
Fund VIII, IX and REIT Joint Venture	**$ 990**	**16%**	$ 1,089	16%
Fund IX, X, XI and REIT Joint Venture	**1,191**	**4**	1,246	4
Wells/Freemont Associates	**6,087**	**44**	6,340	78
Wells/Orange County Associates	**17**	**78**	2,641	44
Fund XI, XII and REIT Joint Venture	**15,667**	**57**	16,361	57
Fund XII and REIT Joint Venture	**28,320**	**55**	29,343	55
Fund XIII and REIT Joint Venture	**50,560**	**72**	26,895	61
	$ 102,832		$ 83,915	

The following is a reconciliation of Wells OP s investment in unconsolidated joint ventures for the years ended December 31, 2003 and 2002:

	2003 (000s)	2002 (000s)
Investment in unconsolidated joint ventures, beginning of year	**$ 83,915**	$ 77,410
Equity in income of unconsolidated joint ventures	**4,751**	4,700
Contributions to unconsolidated joint ventures	**25,033**	9,275
Distributions from unconsolidated joint ventures	**(10,867)**	(7,470)
Investment in unconsolidated joint ventures, end of year	**$ 102,832**	$ 83,915

Table of Contents

Condensed combined financial information for all unconsolidated joint ventures as of December 31, 2003 and 2002, and for the years ended December 31, 2003, 2002 and 2001 is as follows:

Condensed Combined Balance Sheets

(Amounts in 000 s)

	2003	2002
Assets:		
Real estate assets	**$ 188,872**	$ 178,637
Other assets	**15,004**	7,409
Total assets	**$ 203,876**	$ 186,046
Liabilities and partners equity		
Total liabilities	**$ 7,581**	$ 4,848
Partners equity	**196,295**	181,198
Total liabilities and partners equity	**$ 203,876**	$ 186,046

Condensed Combined Statements of Income

(Amounts in 000 s)

	2003	2002	2001
Revenues:			
Rental income	**$ 20,156**	$ 18,371	$ 15,135
Tenant reimbursements (1)	**2,637**	1,801	2,236(1)
Other income	**14**	44	103
Total revenues	**22,807**	20,216	17,474
Expenses:			
Depreciation	**7,144**	6,284	5,330
Operating expenses (1)	**4,105**	2,815	2,351(1)
Asset management and property management fees	**1,203**	914	773
Amortization of deferred leasing costs	**360**	175	172
Total expenses	**12,812**	10,188	8,626
Income from continuing operations	**9,995**	10,028	8,848

Discontinued operations:			
Operating income	**394**	542	546
Loss on disposition	**(379)**		
Income from discontinued operations	**15**	542	546
Net income	**$ 10,010**	$ 10,570	$ 9,394
Net income allocated to Wells REIT	**$ 4,751**	$ 4,700	$ 3,721

(1) Amounts have been restated to reflect tenant reimbursements of $2.2 million in 2001 as revenue and gross operating costs as expenses as described in the Restatement Adjustments and Disclosures section of Note 2.

Table of Contents

5. **Borrowings**

Wells REIT has financed certain investments, acquisitions and developments through various borrowings as described below. On December 31, 2003, and December 31, 2002, Wells REIT had the following amounts outstanding, in thousands:

Facility	2003	2002
$110 million line of credit; accruing interest at LIBOR plus 175 basis points; requiring interest payments monthly with principal due at maturity; collateralized by various buildings (1)	$	$ 58,000
$98.1 million line of credit; accruing interest at LIBOR plus 175 basis points (2.87% at December 31, 2003); requiring interest payments monthly and principal due at maturity (March 2004); collateralized by various buildings		61,399
$500 million unsecured revolving line of credit; accruing interest at various rates of interest based on prime or LIBOR plus up to 1.625% (4.0% at December 31, 2003); requiring interest payments monthly and principal payments due at maturity (April 2005) (2)	175,000	
$50 million line of credit; accruing interest at LIBOR plus 175 basis points (2.87% at December 31, 2003); requiring interest payments monthly with principal due at maturity (June 2005); collateralized by various buildings (3)		
$90 million note payable; accruing interest at LIBOR plus 115 basis points; currently locked at 2.31% through January 2, 2004 (2.31% at December 31, 2003); requiring interest payments monthly, with principal due at maturity (December 2006); subject to certain prepayment penalties; collateralized by the Nestle Building	90,000	90,000
$120,000 note payable; accruing interest at 5.0955%; requiring interest payments monthly with principal due at maturity (January 1, 2014); subject to certain prepayment penalties; collateralized by the Leo Burnett Building (4)	120,000	
$115.2 million notes payable; accruing interest at 4.40%; requiring interest payments monthly with principal due at maturity (November 1, 2007); subject to certain prepayment penalties; collateralized by the US Park Service Building and 1225 Eye Street Buildings	115,167	
$112.3 million note payable; seller financed interest free loan obtained upon purchase of AON Center in May 2003; Principal balance due upon maturity (January 2004); collateralized by the AON Center Building (5)	112,347	
$34.2 million construction loan payable; accruing interest at LIBOR plus 200 basis points; requiring interest payments monthly and principal due at maturity collateralized by the Nissan Building (6)		23,149
$13.7 million construction loan payable; accruing interest at LIBOR plus 200 basis points; requiring interest payments monthly, with principal due at maturity; collateralized by the Kerr-McGee Building (7)		4,038
$8.8 million note payable; accruing interest at 8.0%; requiring interest and principal payments monthly with any unamortized principal due at maturity (December 2003); subject to certain prepayment penalties; collateralized by the BMG Buildings		8,709
$2.9 million note payable; accruing interest at 8.5%; requiring interest payments monthly with principal due at maturity (December 2003); subject to certain prepayment penalties; collateralized by the BMG Buildings		2,900
Total borrowings	**$ 612,514**	**$ 248,195**

Table of Contents

(1) Wells REIT terminated this credit facility upon execution of the $500 million line of credit in April 2003.

(2) Additionally, Wells REIT is required to pay a quarterly facility fee of 0.25% per annum on the entire amount of the credit facility.

(3) Wells REIT entered into this credit agreement in June 2003.

(4) Note replaced the $147.4 million note assumed at acquisition of the Leo Burnett Building, which bore interest at 7.25%. Amount paid to settle the $147.4 million approximated the fair value at the date of acquisition with remaining difference recognized as interest expense during the period. The settlement amount was paid to escrow agent on December 31, 2003 for payment to lender on January 2, 2004, and considered extinguished as of December 31, 2003.

(5) Interest is imputed at Wells REIT s weighted average borrowing rate on the date of the acquisition.

(6) Wells REIT entered into an interest rate swap to hedge the construction loan, which resulted in Wells REIT paying a fixed rate of 3.9% plus 200 basis points at a notional amount of the balance outstanding at each payment date. The swap was terminated in March 2003 upon termination of the loan.

(7) Wells REIT entered into an interest rate swap to hedge the construction loan, which resulted in Wells REIT paying a fixed rate of 2.27% plus 200 basis points at a notional amount of the balance outstanding at each payment date. The swap expired in July 2003 at the same time that the loan was paid off in full.

Wells REIT s weighted average interest rate at December 31, 2003 for the aforementioned borrowings was approximately 4.05%. Cash paid for interest, including amounts capitalized was $13.0 million and $4.2 million for the years ended December 31, 2003 and 2002, respectively.

The following table summarizes the scheduled aggregate principal repayments, for the five years subsequent to December 31, 2003, in thousands:

For the year ending December 31:	
2004	$ 112,347
2005	175,000
2006	90,000
2007	115,167
2008	
Thereafter	120,000
Total	$ 612,514

6. Commitments and Contingencies

Take Out Purchase and Escrow Agreement

The Advisor and its affiliates have developed a program (the Wells Section 1031 Program) involving the acquisition by a subsidiary of Wells Management (Wells Exchange) of income-producing commercial properties and the formation of a series of single member limited liability companies for the purpose of facilitating the resale of co-tenancy interests in such real estate properties to be owned in co-tenancy arrangements with persons (1031 Participants) who are seeking to invest the proceeds from a sale of real estate held for investment in another real estate investment for purposes of qualifying for like-kind exchange treatment under Section 1031 of the Internal Revenue Service Code. The acquisition of each of the properties acquired by Wells Exchange is generally financed by a combination of permanent first mortgage financing and interim loan financing obtained from institutional lenders.

Table of Contents

Following the acquisition of each property, Wells Exchange attempts to sell co-tenancy interests to 1031 Participants, the proceeds of which are used to repay a prorata portion of the interim financing. In consideration for the payment of a take out fee to Wells REIT and following approval of the potential property acquisition by our board of directors, it is anticipated that Wells REIT may enter into a take out purchase and escrow agreement or similar contract providing that, if Wells Exchange is unable to sell all of the co-tenancy interests in that particular property to 1031 Participants, Wells REIT will purchase, at Wells Exchange s cost, any co-tenancy interests remaining unsold at the end of the offering period.

During the years ended December 31, 2003, 2002 and 2001, Wells REIT recognized approximately $0, $0.2 million and $0.1 million, respectively of take out fee revenue related to the 1031 programs, which is included in other income. The last co-tenancy units related to the Ford Motor Credit Building and the Meadow Brook Park Buildings were sold during 2002 and 2003, respectively. As of December 31, 2003, all co-tenancy interests in both programs with which Wells REIT has previously been involved have been sold, and Wells REIT is not currently involved with any 1031 programs of the Advisor and, therefore, has no commitment related to the program at the current time.

Table of Contents

Letters of Credit

At December 31, 2003, Wells REIT had two unused letters of credit totaling approximately $14.9 million outstanding from financial institutions, consisting of letters of credit of approximately $14.5 million and $0.4 million with expiration dates of February 28, 2004 and February 2, 2004, respectively. These amounts are not recorded in the accompanying consolidated balance sheets as of December 31, 2003. These letters of credit were required by two unrelated parties to ensure completion of Wells REIT s obligations under certain earn-out and construction agreements. Wells REIT does not anticipate a need to draw on these letters of credit.

Properties Under Contract

At December 31, 2003, Wells REIT had contracts to acquire three buildings for a total purchase price of approximately $163.8 million, two of which were acquired subsequent to year-end as discussed in Note 14. Approximately $2.5 million of cash was held in escrow related to the three acquisitions at December 31, 2003, which was included in prepaid and other assets in the consolidated balance sheets.

Commitments Under Existing Lease Agreements

Certain lease agreements include provisions that, at the option of the tenant, may obligate Wells REIT to expend certain amounts of capital to expand an existing property, construct on adjacent property or provide other expenditures for the benefit of the tenant, in favor of additional rental revenue. At December 31, 2003, no tenants have exercised such options which have not been fully satisfied as of that date.

Earn-out Agreements

As part of the acquisition of the IRS Building, Wells REIT entered into an agreement to pay the seller an additional $14.5 million if Wells REIT or the seller locates a suitable tenant and leases the vacant space of the building within 18 months after the date of acquisition of the property, or March 2004. If the space is not leased within this time, Wells REIT will be released from any obligation to pay this additional purchase consideration. The 26% of the building that was vacant at the time of acquisition remains unleased as of December 31, 2003. As of December 31, 2003, no payments have been made under this agreement.

In connection with the acquisition of the East Point I and II Buildings, Wells REIT entered into an earn-out agreement relating to approximately 16,000 square feet whereby Wells REIT is required to pay the seller certain amounts for each new, fully executed lease after the date of acquisition of the property on or before March 31, 2004. Payments shall be the anticipated first year s annual rent less operating expenses with the sum divided by 0.105 and the result reduced by tenant improvement costs related to the space. As of December 31, 2003, payments totaling $1.4 million have been made under this agreement in addition to the original purchase price and approximately 6,000 square feet remain subject to the agreement.

As part of the acquisition of the GMAC Detroit Building, Wells REIT entered into an agreement to pay the seller certain amounts for each new, fully executed lease entered into after the date of acquisition of the building on or before November 8, 2004. Payments are calculated by dividing the sum of the anticipated first year s annual rent less operating expenses by 0.095, with the result being reduced by tenant improvement costs related to the space. As of December 31, 2003, no payments have been made under this agreement.

Table of Contents

As part of the acquisition of the 60 Broad Street New York Building, Wells REIT entered into an agreement to pay to the seller, which retained a limited economic interest in the building, an amount for securing a qualifying lease agreement or renewal relating to specified space, which is currently occupied. In the event that the seller is successful in securing a qualifying lease for the specified space, payment is determined primarily by calculating the net present value of the rental income over the term of the lease which will be paid to the seller. As of December 31, 2003, no payments have been made under the agreement.

Operating Lease Obligations

Certain properties are subject to certain ground leases with expiration dates ranging between 2049 and 2083. Required payments, under the terms of the leases are as follows at December 31, 2003 (in thousands):

	Amount
2004	$ 726
2005	726
2006	726
2007	726
2008	726
Thereafter	91,640
Total	$ 95,270

Ground rent expense for the years ended December 31, 2003, 2002 and 2001 was approximately $0.8 million, $0.7 million and $0.7 million, respectively. The net book value of the related improvements subject to operating leases is approximately $48.0 million at December 31, 2003.

Capital Lease Obligations

Certain properties are subject to certain ground leases meeting the qualifications as a capital lease as fee title of the land will be transferred to Wells REIT upon payment of the capital lease obligations. Each obligation requires interest only payments and payment of the bond in full at maturity, which range from 2015 until 2026 with certain prepayment options. Required payments under the terms of the leases are as follows as of December 31, 2003 (in thousands):

	Amount
2004	$ 4,472
2005	4,523
2006	4,523
2007	4,523
2008	4,523
Thereafter	51,015

Total	$ 73,579

Interest expense incurred related to the capital lease obligations totaled $3.9 million, $2.8 million and $0.5 million for the years ended December 31, 2003, 2002 and 2001, respectively, which also equals the interest income related to the bonds on the same properties resulting in no net cash outflow as a result of

Table of Contents

these capital lease obligations. The net book value of the related improvements subject to capital lease obligations is $68.6 million at December 31, 2003.

Litigation

In the normal course of business, Wells REIT, its Advisor, or affiliates of the Advisor that Wells REIT is dependent upon may become subject to litigation or claims.

On October 9, 2003, Stephen L. Flood, the Luzerne County Controller, and the Luzerne County Retirement Board (Luzerne Board) on behalf of the Luzerne County Employee Retirement System (Plan) filed a lawsuit in the U.S. District Court, Middle District of Pennsylvania against 26 separate defendants including Wells REIT, Wells Investment Securities, Inc., (WIS) the dealer manager, and Wells Real Estate Funds, Inc., the parent company of both the Advisor and WIS (Wells Defendants). The complaint alleges, among other things, (1) that certain former members of the Luzerne Board named as defendants invested $10 million in Wells REIT common stock on behalf of the Plan, (2) that certain former board member defendants breached their fiduciary duties to the Plan by, among other things, permitting the investment of the Plan s funds in investments not suitable for the Plan because they were long-term illiquid investments, permitting the Plan to pay excessive fees and commissions to co-defendants, and accepting political contributions in exchange for awarding advisory and management agreements, (3) that the Wells Defendants and others knew or should have known that the investment, and the fees and commissions associated with the investment, was not a proper investment for the Plan because it was a long-term illiquid investment, (4) that the Wells Defendants and others knew or should have known that certain Luzerne Board members and certain investment advisors and managers were breaching their fiduciary duties to the Plan, (5) that the defendants engaged in and conspired to engage in an improper scheme to intentionally defraud the Plan, and (6) that the investment was not approved by a majority of the Luzerne Board at a public meeting and, consequently, the investment was an inappropriate and void action. The Plan is seeking damages of not less than $25 million, treble damages and punitive damages from all defendants on a joint and several liability basis. Management believes that this lawsuit is without merit with respect to the Wells Defendants. While it is too early to determine the likely outcome of this lawsuit, management does not believe that a reserve for a loss contingency is necessary.

In November 2002, Wells REIT contracted to purchase an office building located in Ramsey County, Minnesota, from Shoreview Associates LLC (Shoreview), who filed a lawsuit against us in Minnesota state court alleging that Shoreview was entitled to approximately $0.8 million in earnest money that Wells REIT had deposited under the contract. This dispute was settled during November 2003, resulting in Wells REIT receiving substantially all the earnest money. Under the terms of the settlement, no additional exposure exists relating to this dispute.

NASD Enforcement Action

On August 26, 2003, WIS, and Leo F. Wells, III, settled an NASD disciplinary proceeding against them by entering into a Letter of Acceptance, Waiver and Consent (AWC) with the NASD which contained findings by the NASD including that WIS and Mr. Wells had violated certain of its Conduct Rules related to providing non-cash compensation of more than $100 to associated persons of NASD member firms in connection with their attendance at the annual educational conferences sponsored by WIS in 2001 and 2002, and that WIS and Mr. Wells failed to adhere to all the terms of a written undertaking made in March 2001. WIS consented to a censure and Mr. Wells consented to suspension from acting in a principal capacity with a member firm for one year. WIS and Mr. Wells also agreed to the imposition of a joint and several fine in the amount of $150,000. Wells REIT does not expect any material impact on our financial position or results of operations as a result of this settlement and Wells REIT is not aware of any additional exposure related to the NASD enforcement action.

Table of Contents

7. Stockholders Equity

General

Under Wells REIT s Articles of Incorporation, the total number of shares of stock authorized for issuance is 1 billion, consisting of 750 million common shares, 100 million preferred shares, and 150 million shares-in-trust, each as defined by Wells REIT s Articles of Incorporation, as amended on June 26, 2002.

The common shares have a par value of $0.01 per share and entitle the holders to one vote per share on all matters upon which stockholders, subject to the express terms of any series preferred shares, are entitled to vote pursuant to the Articles of Incorporation.

Wells REIT is authorized to issue one or more series of preferred shares. Prior to the issuance of such shares, the board of directors shall fix the number of shares outstanding 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. As of December 31, 2003, Wells REIT has not issued any preferred shares.

In order to ensure that certain ownership restrictions are not violated and Wells REIT s REIT status is not violated, the Articles of Incorporation of Wells REIT authorize Wells REIT to issue certain shares-in-trust and exchange these for such shares causing violation. Such shares shall be deemed transferred to and held in a trust established on behalf of the violator and administered by the trustee, as defined in the Articles of Incorporation. Such shares-in-trust shall be issued and outstanding stock of Wells REIT and are entitled to the same rights and privileges as all other shares of the same class or series, except that the trust will receive all distributions on such shares, the trustee will be entitled to the vote associated with the shares-in-trust, and shares-in-trust are not transferable. Upon liquidation, such shares-in-trust shall be treated consistently with all other shares of the same class or series. As of December 31, 2003, Wells REIT has not issued any shares-in-trust.

2000 Employee Stock Option Plan

On June 28, 2000, the stockholders approved the 2000 Employee Stock Option Plan of Wells Real Estate Investment Trust, Inc. (the Employee Option Plan), which provides for grants of non-qualified stock options to be made to selected employees of the Advisor and Wells Management, subject to the discretion of the compensation committee and the limitations of the Employee Option Plan. A total of 750,000 shares have been authorized and reserved for issuance under the Employee Option Plan. At December 31, 2003, no stock options have been granted or exercised under the Employee Stock Option Plan; therefore, 750,000 shares are available for issue.

The exercise price for the employee options shall be the greater of (1) $11.00 per share, or (2) the Fair Market Value, as defined in the Employee Option Plan, of the shares on the date the option is granted. The compensation committee has the authority to set the term and vesting period of the stock option except that no option shall have a term greater than five years from the later of (1) the date Wells REIT s shares are listed on a national securities exchange, or (2) the date the stock option is granted. In the event that the compensation committee determines that the potential benefits of the stock options may be inappropriately diluted or enlarged as a result of a certain corporate transaction or event, the compensation committee may adjust the number and kind of shares or the exercise price with respect to any option. Upon exercise, the employee agrees to remain in the employment of the Advisor or Wells Management for a period of one year after the date of grant. No stock option may be exercised if such exercise would jeopardize Wells REIT s status as a REIT under the Internal Revenue Code. No option may be sold, pledged, assigned or transferred by an employee in any manner other than by will or the laws of descent or distribution.

Table of Contents

Independent Director Stock Option Plan

On June 16, 1999, the stockholders approved the Wells Real Estate Investment Trust, Inc. Independent Director Stock Option Plan (the Independent Director Plan), which provides for grants of stock to be made to independent non-employee directors of Wells REIT. A total of 100,000 shares have been authorized and reserved for issuance under the Independent Director Plan. At December 31, 2003, 51,500 options have been granted, with 48,500 remaining available to be granted.

Options to purchase 2,500 shares of common stock at the greater of (1) $12 per share or (2) the Fair Market Value, as defined in the Independent Director Plan, are granted upon initially becoming an independent director of Wells REIT, or at the date of the approval of the Independent Stock Option Plan for existing independent directors. Of these shares, 20% are exercisable immediately on the date of grant. An additional 20% of these shares become exercisable on each anniversary following the date of grant for a period of four years. Additionally, effective on the date of each annual meeting of stockholders of Wells REIT, beginning in 2000, each independent director will be granted an option to purchase 1,000 additional shares of common stock. These options are 100% exercisable at the completion of two years of service after the date of grant. All options granted under the Independent Director Plan expire no later than the date immediately following the tenth anniversary of the date of grant and may expire sooner in the event of the disability or death of the independent director or if the independent director ceases to serve as a director. In the event that the potential benefits of the stock options may be inappropriately diluted or enlarged as a result of a certain corporate transaction or event, a corresponding adjustment to the consideration payable with respect to all stock options shall be made. No option may be sold, pledged, assigned or transferred by an independent director in any manner other than by will or the laws of descent or distribution.

A summary of Wells REIT s stock option activity under its Independent Director Plan during for the years ended December 31, 2003, 2002, and 2001 is as follows:

	Number	Exercise Price	Exercisable
Outstanding at December 31, 2000	24,500	$ 12	
Granted in 2001	7,000	12	
Outstanding at December 31, 2001	31,500	12	10,500
Granted in 2002	9,500	12	
Outstanding at December 31, 2002	41,000	12	21,500
Forfeited in 2003	(6,500)	12	
Granted in 2003	10,500	12	
Outstanding at December 31, 2003	45,000	12	28,500

For SFAS 123 purposes, the fair value of each stock option for 2003, 2002, and 2001 has been estimated as of the date of the grant using the Black-Scholes minimum value method. The weighted average risk-free interest rates assumed for 2003, 2002 and 2001 were 3.98%, 4.57% and 5.05%, respectively. Projected future dividend yields of 7.0%, 7.0% and 7.8% were estimated for the options granted in 2003, 2002, and 2001, respectively. The expected life of an option was assumed to be six years for the years ended December 31, 2003, 2002, and 2001, respectively. Based on these assumptions, the fair value of the options granted during the years ended December 31, 2003, 2002, and 2001 is $0. All options granted have an exercise price of $12 per share. The weighted average contractual remaining life for options that are exercisable at December 31, 2003 was approximately 6 years.

94

Table of Contents

Independent Director Warrant Plan

The Independent Director Warrant Plan (the Independent Director Warrant Plan), was approved by the stockholders on June 28, 2000, providing for the issuance of one warrant to purchase common stock for every 25 shares of common stock purchased by the independent director. A total of 500,000 warrants have been authorized and reserved for issuance under the Independent Director Warrant Plan. The exercise price of the warrants shall be $12 per share. The warrants are exercisable until the dissolution, liquidation, or merger or consolidation of Wells REIT where Wells REIT is not the surviving corporation. No warrant may be sold, pledged, assigned or transferred by an independent director in any manner other than by the laws of descent or distribution. At December 31, 2003, approximately 6,000 warrants have been earned under the Independent Director Warrant Plan, but no warrants have been issued under the Independent Director Warrant Plan.

Dividend Reinvestment Plan

Wells REIT s board of directors authorized a dividend reinvestment plan (the DRP), through which common stockholders may elect to reinvest an amount equal to the dividends declared on their common shares into additional shares of Wells REIT s common stock in lieu of receiving cash dividends. The shares may be purchased at a fixed price per share and participants in the DRP may purchase fractional shares so that 100% of the dividends will be used to acquire shares of Wells REIT s stock. With respect to such shares, Wells REIT currently pays selling commissions of 7%, a dealer manager fee of 2.5%, organization and offering costs of up to 3% of the reinvestment, acquisition and advisory fees and expenses of 3.5% of the purchase price, which is consistent with the costs paid in connection with the most recent offering of shares of Wells REIT s common stock. The board of directors, by majority vote, may amend or terminate the DRP for any reason upon 10 days notice to the participants of the DRP.

Share Redemption Program

As Wells REIT s stock is currently not listed on a national exchange, there is no market for Wells REIT s stock. As a result, there is risk that a stockholder may not be able to sell Wells REIT s stock at a time or price acceptable to the shareholder. During 2000, Wells REIT s board of directors authorized a common stock redemption plan, as amended, for investors who held the shares for more than one year, subject to the limitation that (i) during any calendar year, Wells REIT may not redeem in excess of 3% of the weighted average common shares outstanding during the prior calendar year, and (ii) funding for the redemption of shares is required to come exclusively from the sale of shares pursuant to the Wells REIT dividend reinvestment plan such that in no event shall the aggregate amount of redemptions under the Wells REIT share redemption program exceed aggregate proceeds received from the sale of shares pursuant to the Wells REIT dividend reinvestment plan of Wells REIT. The one year period, may be waived by the board of directors in certain circumstances including death or bankruptcy of the stockholder. Wells REIT purchases shares redeemed under the share redemption program at the amount contributed by the stockholder, including any commissions paid at issuance. During 2003, 2002 and 2001, Wells REIT repurchased 4.4 million, 1.5 million and 0.4 million of its own common shares at an aggregate cost of $43.7 million, $15.3 million and $4.1 million, respectively. These transactions were funded with cash on hand and did not exceed any of the foregoing limitations. At the time of such redemption, WIS has refunded to Wells REIT the 2.5% dealer manager fee and the Advisor has refunded the 3.5% acquisition and advisory fees earned upon the issuance of such shares, although both WIS and the Advisor may elect to discontinue such policy in future periods. The board of directors, by majority vote, may amend or terminate Wells REIT s share redemption program at any time upon 30 days notice.

Assuming that amounts continue to be reinvested under the DRP to fund the redemptions, redemptions of approximately $97.2 million are allowed under the terms of the current share redemption program during the year ending December 31, 2004, of which the board has elected to set aside up to 20% of this amount for redemptions upon the death of a stockholder. Beginning with redemption requests received in January

2004, shares will be redeemed on the last business day of each month, if the requests have met certain requirements with regard to the timing of the receipt of the request.

Dealer Warrant Plan

Under the terms of each offering of Wells REIT s stock, warrants to purchase shares of Wells REIT s stock were delivered to WIS. Currently such warrants are issued in book form only and warrant certificates are not issued. For each warrant, the warrant-holder shall have the right to purchase one share from Wells REIT at a price of $12 during the time period beginning one year from the effective date of the respective offering and ending on the date five years after the effective date. Warrants outstanding as of December 31, 2003 for the second, third and fourth offerings to date are approximately 0.6 million, 4.6 million and 5.8 million, respectively which have expiration dates of December 20, 2004, December 20, 2005 and July 26, 2007, respectively. On January 30, 2003, all warrants related to the first offering expired. As of December 31, 2003, no warrants have been exercised under the plan.

8. Supplemental Disclosures of Non-Cash Activities

Outlined below are significant non-cash investing and financing transactions for the years ended December 31, 2003, 2002, and 2001 in thousands:

	2003	2002	2001
Deferred project costs applied to investments	**$ 88,771**	$ 47,873	$ 15,716
Deferred project costs due to affiliate	**$ 19,185**	$ 7,708	$ 1,114
Other offering expenses due to affiliate	**$ 13,334**	$ 8,263	$ 943
Assumption of obligation under capital lease and related bonds		$ 32,500	$ 22,000
Assumption of debt at property acquisition	**$ 390,364**	$ 90,000	$
Assumption of other liabilities at property acquisition	**$ 38,688**		
Acquisition of intangible lease liability	**$ 33,477**	$ 32,697	$
Dividends payable	**$ 13,562**	$ 6,046	$ 1,059
Accrued distributions receivable from joint ventures	**$ 2,531**	$ 1,774	$ 1,693
Write off fully amortized deferred financing costs	**$ 2,597**	$ 623	$

Table of Contents

9. Income Tax Basis Net Income

Wells REIT s income tax basis net income for the years ended December 31, 2003, 2002 and 2001 is calculated as follows (in thousands):

	2003	2002	2001
GAAP basis financial statement net income	$ 120,685	$ 59,854	$ 21,724
Increase (decrease) in net income resulting from:			
Depreciation and amortization expense for financial reporting purposes in excess of amounts for income tax purposes	50,861	17,160	7,347
Rental income accrued for income tax purposes in excess of (less than) amounts for financial reporting purposes	(3,946)	3,578	(2,735)
Expenses deductible when paid for income tax purposes, accrued for financial reporting purposes	(14,089)	(71)	26
Income tax basis net income, prior to dividends paid deduction	$ 153,511	$ 80,521	$ 26,362

At December 31, 2003, the tax basis carrying value of Wells REIT s total assets was approximately $4.9 billion.

10. Related-Party Transactions

Advisory Agreement

Wells REIT has entered into an Advisory Agreement with the Advisor, which entitles the Advisor to specified fees in consideration for certain services with regard to the offering of shares to the public and investment of funds in real estate projects. The current Advisory Agreement is set to expire April 30, 2004.

Under the terms of the agreement, the Advisor receives the following fees and reimbursements:

Acquisition and advisory fees and acquisition expenses of 3.5% of gross offering proceeds, subject to certain limitations;

Reimbursement of organization and offering costs paid on behalf of Wells REIT, not to exceed 3% of gross offering proceeds;

Disposition fee of 50% of the lesser of a competitive real estate commission or 3% of the sales price of the property, subordinated to the payment of dividends to shareholders equal to the sum of the shareholders invested capital plus an 8% return on invested capital;

Incentive fee of 10% of net sales proceeds remaining after shareholders have received distributions equal to the sum of the shareholders invested capital plus an 8% return of invested capital; and

Listing fee of 10% of the excess by which the market value of the stock plus dividends paid prior to listing exceeds the sum of 100% of the invested capital plus an 8% return on invested capital.

The Advisor is obligated to reduce the acquisition and advisory fees by the amounts attributable to shares redeemed under the share redemption program, under an agreement, which may be cancelled by either party with thirty days notice.

97

Acquisition and advisory fees and acquisition expenses incurred for the years ended December 31, 2003, 2002 and 2001 totaled $87.3 million, $46.4 million and $18.1 million, respectively. Organizational and offering costs incurred for the years ended December 31, 2003, 2002 and 2001 totaled $21.5 million, $20.5 million and $10.1 million, respectively. No other fees have been earned by the Advisor under the terms of the Advisory Agreement during the years ended December 31, 2003, 2002 and 2001.

Administrative Services Reimbursement

Wells REIT has no direct employees. The employees of Wells Management and the Advisor provide services for Wells REIT related to asset management, accounting, investor relations and all other administrative services. The related expenses are allocated to Wells REIT and the other various products that Wells Management and the Advisor provide similar services based on time spent on each entity by personnel. Wells REIT was allocated salaries, wages, and other payroll related costs by Wells Management and the Advisor totaling approximately $3.9 million, $2.0 million and $0.7 million for the years ended December 31, 2003, 2002 and 2001, respectively. These amounts are included in general and administrative expenses in the consolidated statements of income.

Asset and Property Management Agreement

Wells REIT has entered into an asset and property management agreement with Wells Management, an affiliate of the Advisor. In consideration for asset management services and for supervising the management and leasing of Wells REIT s properties, Wells REIT will pay asset and property management fees to Wells Management equal to the lesser of (a) 4.5% of the gross revenues generally paid over the life of the lease or (b) 0.6% of the net asset value of the properties (excluding vacant properties) owned by Wells REIT. These asset and property management fees are calculated on an annual basis. These expenses totaled $13.3 million, $4.9 million and $2.2 million for the years ended December 31, 2003, 2002 and 2001, respectively. Additionally, a separate competitive fee for the one-time initial lease-up of newly constructed properties is generally incurred in conjunction with the receipt of the first month s rent. These costs totaled approximately $0.8 million during the year ended December 31, 2003 and no such fees were incurred during the year ended December 31, 2002 or 2001.

Dealer Manager Agreement

Wells REIT has entered into a dealer manager agreement with WIS, whereby WIS performs the dealer manager function for Wells REIT. For these services, WIS earns fees of approximately 7% of the gross proceeds from the sale of the shares of Wells REIT, of which substantially all are reallowed to participating broker-dealers. During the years ended December 31, 2003, 2002, and 2001, Wells REIT incurred commissions of $177.6 million, $94.2 million and $42.5 million, respectively, of which more than 99% were reallowed to participating broker-dealers.

Additionally, WIS earns a dealer manager fee of 2.5% of the gross offering proceeds at the time the shares are sold, of which up to 1.5% may be reallowed to participating broker-dealers. WIS has agreed to reduce the dealer manager fee by 2.5% of the gross redemptions under Wells REIT s share redemption plan for shares redeemed, under an agreement, which may be cancelled by either party with thirty days notice. The amount of such reduction was $1.1 million, $0.4 million and $0.1 million for the years ended December 31, 2003, 2002, and 2001, respectively. Dealer manager fees, net of the above reduction, of $62.3 million, $33.1 million and $6.8 million were incurred during the years ended December 31, 2003, 2002 and 2001, respectively. Of these amounts, $29.6 million, $14.6 million and $6.0 million were reallowed to participating broker-dealers for the years ended December 31, 2003, 2002 and 2001, respectively.

98

Due From Affiliates

Substantially all of the amounts due from affiliates included in the consolidated balance sheets at December 31, 2003 and 2002 represents Wells REIT s share of the cash to be distributed from its unconsolidated joint venture investments for the fourth quarter of 2003 and 2002, as follows (in thousands):

	2003	2002
Fund VIII, IX and REIT Joint Venture	$ 44	$ 48
Fund IX, X, XI and REIT Joint Venture	35	21
Wells/Orange County Associates		85
Wells/Fremont Associates	170	168
Fund XI, XII and REIT Joint Venture	452	361
Fund XII and REIT Joint Venture	684	688
Fund XIII and REIT Joint Venture	1,146	403
Affiliates of the Advisor	541	187
	$ 3,072	$ 1,961

Conflicts of Interest

The Advisor is also a general partner in and advisor to various Wells Real Estate Funds. As such, there are conflicts of interest where the Advisor, while serving in the capacity as general partner or advisor for the Wells Real Estate Funds, may be in competition with Wells REIT in connection with property acquisitions or for tenants in similar geographic markets. The compensation arrangements with Wells REIT s Advisor and its affiliates could influence the Advisor s and its affiliates advice to Wells REIT.

Additionally, certain members of the board of Wells REIT also serve on the board of another REIT sponsored by the Advisor and will encounter certain conflicts of interest regarding investment and operating decisions.

11. Operating Leases

Virtually all of Wells REIT s real estate assets are leased to tenants under operating leases for which the terms and expirations vary. The leases frequently have provisions to extend the lease agreement, options for early termination after paying a specified penalty, and other terms and conditions as negotiated. Wells REIT retains substantially all of the risks and benefits of ownership of the real estate assets leased to tenants. Amounts required as security deposits vary depending upon the terms of the respective leases and the creditworthiness of the tenant, but generally are not significant amounts. Therefore exposure to credit risk is limited to the extent that the receivables exceed this amount. Security deposits related to tenant leases are included in accounts payable and accrued expenses in the consolidated balance sheets.

Table of Contents

The future minimum rental income from Wells REIT s investment in real estate assets under non-cancelable operating leases, excluding properties under development, at December 31, 2003 is as follows (in thousands):

	Amount
Year ending December 31:	
2004	$ 425,592
2005	427,649
2006	415,120
2007	404,511
2008	384,689
Thereafter	1,395,268
Total	$ 3,452,829

Table of Contents

12. Quarterly Results (unaudited)

Presented below is a summary of the unaudited quarterly financial information for the years ended December 31, 2003 and 2002, in thousands, except per share data:

	2003 Quarters Ended			
	March 31	**June 30**	**September 30**	**December 31**
Revenues	**$ 65,359**	**$ 87,718**	**$ 107,588**	**$ 124,291**
Net income	**$ 24,364**	**$ 27,985**	**$ 33,820**	**$ 34,516**
Basic and diluted earnings per share [(a)]	**$ 0.10**	**$ 0.10**	**$ 0.10**	**$ 0.08**
Dividends per share [(a)]	**$ 0.18**	**$ 0.18**	**$ 0.18**	**$ 0.18**

	2002 Quarters Ended			
	March 31	June 30	September 30	December 31
Revenues	$ 23,608	$ 29,402	$ 34,913	$ 51,705
Net income	$ 10,780	$ 13,756	$ 15,285	$ 20,033
Basic and diluted earnings per share [(a)]	$ 0.11	$ 0.11	$ 0.09	$ 0.10
Dividends per share [(a)]	$ 0.19	$ 0.19	$ 0.19	$ 0.18

(a) The totals of the four quarterly amounts for the years ended December 31, 2003, and 2002, do not equal the totals for the years then ended. This difference results from rounding differences between quarters.

13. Economic Dependency

Wells REIT has engaged Wells Management and the Advisor to provide asset management services and supervise the management and leasing of properties owned by Wells REIT as well as other administrative responsibilities for Wells REIT including accounting services and investor relations. As a result of the above relationships, Wells REIT is dependent upon Wells Management, the Advisor and other affiliates of the Advisor to provide certain services which are essential to Wells REIT including certain asset management and property management services, asset acquisition and disposition decisions and other general administrative responsibilities under agreements some of which have terms of one year or less. In the event that these companies were unable to provide Wells REIT with the respective services, Wells REIT would be required to find alternative providers of these services.

Wells REIT is dependent upon the ability of its current tenants to pay their contractual rent amounts as the rents become due. The inability of a tenant to pay future rental amounts would have a negative impact on the results of operations of Wells REIT. As of December 31, 2003, no tenant represents more than 10% of the future rental income under non-cancelable leases or 10% of the current year rent revenues. Wells REIT is not aware of any reason that its current tenants would not be able to pay their contractual rental amounts as they become due that would result in a material impact on the results of operations of Wells REIT.

Table of Contents

14. Subsequent Events

Sale of Shares of Common Stock

From January 1, 2004 through February 18, 2004, Wells REIT raised approximately $10.0 million through the issuance of approximately 1.0 million shares of common stock, all relating to requests for transfer of assets received prior to November 21, 2003. Unless a subsequent offering is initiated no additional shares will be issued by Wells REIT, except under the dividend reinvestment plan.

Redemptions of Common Stock

From January 1, 2004 through February 18, 2004, Wells REIT has redeemed approximately 3.5 million shares of common stock at an aggregate cost of approximately $35.1 million pursuant to the Wells REIT share redemption program, of the $97.2 million allowed under the program during the year ending December 31, 2004.

Property Acquisitions

From the period from January 1, 2004 to February 18, 2004, Wells REIT purchased two properties (1414 Massachusetts Avenue Cambridge Building and the Russell Tacoma Building) totaling approximately 303,000 rentable square feet, in separate transactions for a combined purchase price of approximately $94.1 million, plus closing costs. Both properties were under contract as of December 31, 2003.

Repayment of Borrowings

On January 31, 2004 and February 2, 2004, Wells REIT repaid the $112.3 million note payable and $90.0 million note payable, respectively, by increasing the borrowings under the existing line of credit.

Table of Contents

Wells Real Estate Investment Trust, Inc.

Schedule III Real Estate Assets and Accumulated Depreciation

December 31, 2003

(in thousands)

				Initial Cost			Costs Capitalized	Gross Amount at Which Carried at December 31, 2003						Life on
ription	Location	Ownership Percentage	Encumbrances	Land	Buildings and Improve-ments	Total	Subsequent to Acquisition	Land	Buildings and Improve-ments	Total	Accumulated Depreciation	Date of Construc-tion	Date Acquired	which Depreciat is Compute
ENHOWER D	Tampa, FL	100	(a)	1,460	19,839	21,299	2,337	2,544	21,092	23,636	4,131	1998	12/31/1998	0 to 25 ye
&T NSYLVANIA	Harrisburg, PA	100	None	662	11,836	12,498	717	690	12,525	13,215	2,405	1998	2/4/1999	0 to 25 ye
TSUSHITA	Lake Forest, CA	100	None	4,577	0	4,577	13,965	4,768	13,774	18,542	4,110	1999	3/15/1999	0 to 25 ye
TOM WER HMOND	Midlothian, VA	100	(a)	948	0	948	9,963	988	9,923	10,911	2,162	1999	7/22/1999	0 to 25 ye
EOJET HNOLOGY	Wood Dale, IL	100	None	5,000	28,162	33,162	1,381	5,208	29,335	34,543	5,085	1991	9/10/1999	0 to 25 ye
EMARK	Plano, TX	100	(a)	1,456	20,377	21,833	908	1,517	21,224	22,741	3,467	1999	12/21/1999	0 to 25 ye
TRIS TULSA	Tulsa, OK	100	None	1,150	11,570	12,720	541	1,198	12,063	13,261	1,887	2000	2/11/2000	0 to 25 ye
L	Scottsdale, AZ	100	(a)	3,500	10,785	14,285	602	3,646	11,241	14,887	1,721	1997	3/29/2000	0 to 25 ye
IL	Tempe, AZ	100	(a)(j)	0	17,393	17,393	731	0	18,124	18,124	2,765	1995	3/29/2000	0 to 25 ye
TOROLA IPE	Tempe, AZ	100	(j)	0	16,036	16,036	679	0	16,715	16,715	2,555	1998	3/29/2000	0 to 25 ye
NET	Tempe, AZ	100	(a)(j)	0	13,272	13,272	551	0	13,823	13,823	1,974	2000	6/12/2000	0 to 25 ye
PHI	Troy, MI	100	None	2,160	16,776	18,936	1,811	2,250	18,497	20,747	2,949	2000	6/29/2000	0 to 25 ye
TOROLA INFIELD	South Plainfield, NJ	100	None	9,653	20,495	30,148	5,857	10,055	25,950	36,005	4,504	2000	11/1/2000	0 to 25 ye
NE & BSTER	Houston, TX	100	None	7,100	37,915	45,015	1,962	7,396	39,581	46,977	4,841	1994	12/21/2000	0 to 25 ye
TRIS NESOTA	Minnetonka, MN	100	None	7,700	45,154	52,854	2,209	8,021	47,042	55,063	5,764	2000	12/21/2000	0 to 25 ye
TE STREET	Quincy, MA	100	None	11,042	40,666	51,708	2,480	11,042	43,146	54,188	4,293	1990	7/30/2001	0 to 25 ye
N	Houston, TX	100	(b)	2,847	18,793	21,640	0	2,847	18,793	21,640	1,754	2000	9/7/2001	0 to 25 ye
SAN	Irving, TX	100	None	5,546	0	5,546	32,973	5,795	32,724	38,519	1,091	2002	9/19/2001	0 to 25 ye
RAM MICRO	Millington, TN	100	22,000 (c)	333	21,590	21,923	0	333	21,590	21,923	2,020	1997	9/26/2001	0 to 25 ye
CENT	Cary, NC	100	None	7,276	11,485	18,760	0	7,276	11,485	18,760	1,072	2000	9/28/2001	0 to 25 ye
NVERGYS	Tamarac, FL	100	None	3,642	10,404	14,047	0	3,642	10,404	14,047	867	2001	12/21/2001	0 to 25 ye
DY POINT I	Schaumburg, IL	100	None	4,537	31,847	36,384	0	4,537	31,847	36,384	2,650	1999	12/31/2001	0 to 25 ye
DY POINT II	Schaumburg, IL	100	None	3,746	55,026	58,772	0	3,746	55,026	58,772	4,583	2001	12/31/2001	0 to 25 ye
	Sarasota, FL	100	None	1,767	20,533	22,301	454	2,203	20,551	22,755	1,643	1999	1/11/2002	0 to 25 ye

TEX ASOTA														
NSOCEAN USTON	Houston, TX	100	None	879	22,049	22,928	0	879	22,049	22,928	1,618	1999	3/15/2002	0 to 25 ye
VARTIS ANTA	Duluth, GA	100	(a)	2,080	13,572	15,653	0	2,080	13,572	15,653	995	2001	3/28/2002	0 to 25 ye
NA DETROIT	Farmington Hills, MI	100	None	2,298	22,583	24,881	3	2,298	22,586	24,884	1,656	1999	3/29/2002	0 to 25 ye
NA LAMAZOO	Kalamazoo, MI	100	None	1,002	18,250	19,253	3	1,002	18,253	19,256	1,387	1999	3/29/2002	0 to 25 ye
VELERS RESS VER	Lakewood, CO	100	None	1,548	9,446	10,993	0	1,548	9,446	10,993	661	2002	4/10/2002	0 to 25 ye
LENT ANTA	Alpharetta, GA	100	(a)	1,561	14,207	15,768	0	1,561	14,207	15,768	995	2001	4/18/2002	0 to 25 ye
LSOUTH FT. DERDALE	Ft. Lauderdale, FL	100	(j)	0	7,172	7,172	0	0	7,172	7,172	502	2001	4/18/2002	0 to 25 ye
ERIAN/TRW	Allen, TX	100	(b)	4,163	32,985	37,147	0	4,163	32,985	37,147	2,199	1982	5/1/2002	0 to 25 ye
LENT TON	Boxborough, MA	100	None	3,642	29,497	33,140	3,378	3,642	32,875	36,518	2,324	2002	5/3/2002	0 to 25 ye
V DENVER	Aurora, CO	100	None	1,397	20,568	21,964	0	1,397	20,568	21,964	2,627	1997	5/29/2002	0 to 25 ye

103

Table of Contents

Wells Real Estate Investment Trust, Inc.

Schedule III Real Estate Assets and Accumulated Depreciation

December 31, 2003

(in thousands)

				Initial Cost				Gross Amount at Which Carried at December 31, 2003						
ription	Location	Ownership Percentage	Encumbrances	Land	Buildings and Improve-ments	Total	Costs Capitalized Subsequent to Acquisition	Land	Buildings and Improve-ments	Total	Accumulated Depreciation	Date of Construc-tion	Date Acquired	Life on which Depreciat is Compute
PHOENIX	Phoenix, AZ	100	None	2,602	24,333	26,935	0	2,602	24,333	26,935	1,541	2001	6/4/2002	0 to 25 ye
ATLANTA	Atlanta, GA	100	32,500 (d)	2,810	39,614	42,424	0	2,810	39,614	42,424	2,377	2001	7/1/2002	0 to 25 ye
IFICARE ANTONIO	San Antonio, TX	100	None	2,550	12,738	15,288	0	2,550	12,738	15,288	764	2000	7/12/2002	0 to 25 ye
R MCGEE	Houston, TX	100	None	1,738	0	1,738	12,231	2,205	11,764	13,969	274	2003	7/29/2002	0 to 25 ye
G DIRECT ENVILLE	Duncan, SC	100	None	1,002	15,709	16,711	9	1,002	15,718	16,720	943	1987	7/31/2002	0 to 25 ye
G MUSIC ENVILLE	Duncan, SC	100	None	663	10,914	11,577	0	663	10,914	11,577	645	1987	7/31/2002	0 to 25 ye
FT ANTA	Suwanee, GA	100	(b)	2,810	9,341	12,151	0	2,810	9,341	12,151	529	2001	7/31/2002	0 to 25 ye
IA DALLAS	Irving, TX	100	None	3,157	38,447	41,604	4	3,157	38,451	41,608	2,179	1999	8/15/2002	0 to 25 ye
IA DALLAS	Irving, TX	100	None	3,157	38,447	41,604	4	3,157	38,451	41,608	2,179	1999	8/15/2002	0 to 25 ye
IA DALLAS	Irving, TX	100	None	3,157	38,447	41,604	4	3,157	38,451	41,608	2,179	1999	8/15/2002	0 to 25 ye
ACOURT TIN	Austin, TX	100	None	6,098	34,492	40,591	0	6,098	34,492	40,591	1,955	2001	8/15/2002	0 to 25 ye
ERICREDIT ENIX	Chandler, AZ	100	None	2,632	0	2,632	22,378	2,779	22,231	25,010	667	2003	9/12/2002	0 to 25 ye
LONG AND	Holtsville, NY	100	None	4,375	48,213	52,587	526	4,376	48,737	53,113	4,105	2000	9/16/2002	0 to 25 ye
BANK SIPPANY	Parsippany, NJ	100	None	9,054	96,722	105,776	20	9,054	96,743	105,796	5,160	1985	9/27/2002	0 to 25 ye
EX ORADO NGS	Colorado Springs, CO	100	None	2,185	24,964	27,149	5	2,185	24,969	27,154	1,332	2001	9/27/2002	0 to 25 ye
DES NES	Des Moines, IA	100	None	885	26,774	27,659	0	885	26,774	27,659	1,428	2002	9/27/2002	0 to 25 ye
UIT LAS	Plano, TX	100	None	3,153	24,602	27,755	4	3,153	24,606	27,759	1,312	2001	9/27/2002	0 to 25 ye
STATE ANAPOLIS	Indianapolis, IN	100	None	1,327	10,071	11,398	0	1,327	10,071	11,398	537	2001	9/27/2002	0 to 25 ye
MLER YSLER LAS	Westlake, TX	100	None	2,689	23,494	26,183	0	2,689	23,494	26,183	1,253	2001	9/30/2002	0 to 25 ye
A	Washington, DC	100	None	52,711	202,702	255,412	2,203	52,711	204,904	257,615	9,386	1991	11/22/2002	0 to 25 ye
		100	None	29,765	104,815	134,580	1,277	30,562	105,295	135,857	4,881	1991	11/22/2002	0 to 25 ye

	Washington, DC														
ERPILLAR HVILLE	Nashville, TN	100	None	4,908	59,010	63,918	2,408	5,101	61,226	66,326	2,826	2000	11/26/2002	0 to 25 ye
ITAL ONE HMOND I	Glen Allen, VA	100	None	460	8,342	8,802	188	479	8,511	8,990	413	1999	11/26/2002	0 to 25 ye
ITAL ONE HMOND II	Glen Allen, VA	100	None	1,305	8,620	9,925	540	1,358	9,107	10,465	524	1999	11/26/2002	0 to 25 ye
ITAL ONE HMOND III	Glen Allen, VA	100	None	1,090	8,838	9,928	446	1,135	9,240	10,374	453	1999	11/26/2002	0 to 25 ye
TLE LOS ELES	Glendale, CA	100	90,000	23,605	136,284	159,889	34	23,608	136,316	159,923	5,908	1990	12/20/2002	0 to 25 ye
TPOINT ANAPOLIS	Mayfield Heights, OH	100	None	2,720	20,263	22,983	1,801	2,720	22,065	24,784	943	2000	1/9/2003	0 to 25 ye
WEST FERSON	Detroit, MI	100	None	9,759	88,364	98,123	1,238	9,759	89,602	99,360	3,070	1989	3/31/2003	0 to 25 ye
CORP LEWOOD FFS, NJ	Englewood Cliffs, NJ	100	None	10,424	61,319	71,744	2,045	10,803	62,986	73,789	1,890	1953	4/30/2003	0 to 25 ye
ANCORP NEAPOLIS	Minneapolis, MN	100	None	11,138	175,628	186,766	326	11,138	175,954	187,092	4,696	2000	5/1/2003	0 to 25 ye
CENTER CAGO	Chicago, IL	100	112,347	23,267	472,489	495,756	15,620	23,966	487,411	511,376	13,275	1972	5/9/2003	0 to 25 ye
AC ROIT	Auburn Hills, MI	100	None	1,978	16,570	18,548	0	1,978	16,570	18,548	442	2001	5/9/2003	0 to 25 ye
RESTON I	Reston, VA	100	None	2,711	17,890	20,601	6	2,711	17,896	20,608	551	1985	6/27/2003	0 to 25 ye
LABS TON	Reston, VA	100	None	1,218	8,038	9,256	4	1,218	8,041	9,260	323	1984	6/27/2003	0 to 25 ye

104

Table of Contents

Wells Real Estate Investment Trust, Inc.

Schedule III Real Estate Assets and Accumulated Depreciation

December 31, 2003

(in thousands)

				Initial Cost			Costs Capitalized Subsequent to	Gross Amount at Which Carried at December 31, 2003						Life
ion	Location	Ownership Percentage	Encumbrances	Land	Buildings and Improve-ments	Total	Acquisition	Land	Buildings and Improve-ments	Total	Accumulated Depreciation	Date of Construc-tion	Date Acquired	wh Depre is Com
LANTA III	Atlanta, GA	100	10,000 (e)	989	7,830	8,819	0	989	7,830	8,819	173	2003	7/1/2003	0 to 2
IEED N VILLE I	Rockville, MD	100	None	3,019	21,984	25,002	21	3,019	22,005	25,024	706	1985	7/30/2003	0 to 2
IEED N VILLE II	Rockville, MD	100	None	3,019	21,984	25,002	0	3,019	21,984	25,002	706	1985	7/30/2003	0 to 2
LAR TA	Atlanta, GA	100	None	6,662	69,031	75,693	105	6,662	69,136	75,798	2,313	2000	8/1/2003	0 to 2
IS ERN RSEY	Bridgewater, NJ	100	None	8,182	84,160	92,342	1,760	8,328	85,775	94,103	2,225	2002	8/14/2003	0 to 2
RA ENA	Pasadena, CA	100	None	6,495	30,265	36,760	49	6,495	30,314	36,810	890	2001	8/22/2003	0 to 2
NENTAL LTY E Y	Brea, CA	100	None	7,110	15,600	22,710	0	7,110	15,600	22,710	351	2003	8/29/2003	0 to 2
RALPH N RK	Lyndhurst, NJ	100	None	6,974	38,714	45,689	0	6,974	38,714	45,689	1,170	1986	9/5/2003	0 to 2
AIN T IRVINE	Irvine, CA	100	None	6,246	36,455	42,700	0	6,246	36,455	42,700	755	2001	9/17/2003	0 to 2
IEN AND	Beaverton, OR	100	None	1,015	6,425	7,440	0	1,015	6,425	7,440	82	1988	10/9/2003	0 to 2
UTES AND	Beaverton, OR	100	None	1,072	6,361	7,433	0	1,072	6,361	7,433	92	1989	10/9/2003	0 to 2
AMETTE AND	Beaverton, OR	100	None	1,085	6,211	7,296	0	1,085	6,211	7,296	107	1990	10/9/2003	0 to 2
NGTON AND	Beaverton, OR	100	None	1,546	7,630	9,176	0	1,546	7,630	9,176	76	1999	10/9/2003	0 to 2
AY T AND	Beaverton, OR	100	None	499	427	925	0	499	427	925	4	1979	10/9/2003	0 to 2
		100	None	5,522	0	5,522	0	5,522	0	5,522	0	N/A	10/9/2003	0 to 2

RTLAND PARCELS	Beaverton, OR													
URNETT GO (f)	Chicago, Il	95	120,000	54,949	218,757	273,706	375	55,116	218,965	274,081	3,147	1989	11/6/2003	0 to 2
FAIRFAX GTON	Arlington, VA	100	None	13,636	70,918	84,554	0	13,636	70,918	84,554	482	1998	11/19/2003	0 to 2
GINIA E	Washington, DC	100	None	22,146	49,739	71,886	0	22,146	49,739	71,886	417	1985	11/19/2003	0 to 2
K CE (g)	Washington, DC	50	67,561	31,985	63,140	95,124	939	31,985	64,078	96,063	450	2001	11/19/2003	0 to 2
E T (h)	Washington, DC	50	47,607	21,959	47,601	69,560	547	21,959	48,148	70,107	369	1985	11/19/2003	0 to 2
G LE	Issaquah, WA	100	None	4,351	25,899	30,250	0	4,351	25,899	30,250	56	2001	12/10/2003	0 to 2
OF CA -E Y	Brea, CA	100	None	9,785	82,945	92,730	0	15,302	77,428	92,730	176	1983	12/18/2003	0 to 2
ARKET T DELPHIA	Philadelphia, PA	100	160,000	13,584	132,671	146,255	0	20,829	125,426	146,255	418	1990	12/18/2003	0 to 2
AD T NEW	New York, NY	100	None	32,522	168,986	201,508	0	60,708	140,800	201,508	393	1962	12/31/2003	0 to 2
00% roperties				**602,124**	**3,790,512**	**4,392,636**	**150,623**	**649,788**	**3,893,472**	**4,543,259**	**181,752**			
M R VILLE	Knoxville, TN	4	None	583	744	1,327	6,745	608	7,464	8,072	2,656	1997	3/26/1997	0 to 2
	Oklahoma City, OK	4	None	1,003	4,386	5,389	242	1,051	4,580	5,631	1,023	1998	6/24/1998	0 to 2
DA	Louisville, CO	4	None	2,614	7,762	10,376	528	2,747	8,158	10,904	1,931	1998	2/13/1998	0 to 2
LOCKEN	Broomfield, CO	4	None	1,570	6,734	8,304	884	1,650	7,537	9,188	1,692	1996	3/20/1998	0 to 2
A	Ogden, UT	4	None	597	4,675	5,272	876	642	5,506	6,148	1,183	1998	7/1/1998	0 to 2

105

Table of Contents

Wells Real Estate Investment Trust, Inc.

Schedule III Real Estate Assets and Accumulated Depreciation

December 31, 2003

(in thousands)

				Initial Cost				Gross Amount at Which Carried at December 31, 2003						
iption	Location	Ownership Percentage	Encumbrances	Land	Buildings and Improve-ments	Total	Costs Capitalized Subsequent to Acquisition	Land	Buildings and Improve-ments	Total	Accumulated Depreciation	Date of Construc-tion	Date Acquired	Life o which Deprecia is Compu
CHILD	Fremont, CA	78	None	2,130	6,853	8,983	374	2,219	7,138	9,357	1,570	1998	7/21/1998	0 to 25 y
L CARTEX	Fountain Inn, SC	57	None	330	4,792	5,122	228	344	5,006	5,350	934	1998	5/18/1999	0 to 25 y
NT	Leawood, KS	57	None	1,696	7,851	9,547	398	1,767	8,178	9,945	1,472	1998	7/2/1999	0 to 25 y
NSON THEY	Wayne, PA	57	None	1,925	6,131	8,056	336	2,005	6,387	8,392	1,128	1973	8/17/1999	0 to 25 y
TNER	Ft. Myers, FL	57	None	896	7,452	8,348	348	933	7,762	8,695	1,345	1998	9/20/1999	0 to 25 y
ENS	Troy, MI	55	None	2,144	9,984	12,128	2,760	2,233	12,655	14,888	2,229	2000	5/10/2000	0 to 25 y
ST	Irvine, CA	16	None	2,108	5,121	7,229	594	2,221	5,602	7,823	1,571	1997	7/1/2000	0 to 25 y
T AHOMA	Oklahoma City, OK	55	None	2,100	13,233	15,333	640	2,188	13,786	15,973	1,700	1998	12/28/2000	0 to 25 y
DATA	Brentwood, TN	55	None	4,300	20,702	25,002	1,043	4,479	21,566	26,045	2,300	1986	5/15/2001	0 to 25 y
RICREDIT	Orange Park, FL	72	None	1,610	10,931	12,541	522	1,677	11,386	13,063	1,139	2001	7/16/2001	0 to 25 y
E	Parker, CO	72	None	1,954	11,216	13,170	542	2,048	11,664	13,712	971	2001	12/21/2001	0 to 25 y
N WILEY ANAPOLIS	Fishers, IN	72	None	1,300	15,042	16,342	1,897	1,354	16,886	18,239	830	1999	12/12/2002	0 to 25 y
CHICAGO	Hoffman Estate, IL	72	None	600	22,682	23,282	1,083	624	23,741	24,365	510	1999	9/19/2003	0 to 25 y
JV erties				**29,459**	**166,291**	**195,750**	**20,042**	**30,789**	**185,003**	**215,792**	**26,186**			
- All erties				**631,583**	**3,956,803**	**4,588,386**	**170,665**	**680,577**	**4,078,474**	**4,759,051**	**207,938**			

(a) These properties collateralize the $98.1 million SouthTrust Bank line of credit that accrues interest at LIBOR plus 175 basis points (2.87% at December 31,2003) $0 was outstanding as of 12/31/2003.

(b) These properties collateralize the $50 million Bank of America line of credit that accrues interest at LIBOR plus 175 basis points (2.87% at December 31,2003) $0 was outstanding as of 12/31/2003.

(c) As a result of the acquisition of Ingram Micro, Wells REIT I acquired investments in bonds and certain obligations under capital leases in the amount of $22.0 million.

(d) As a result of the acquisition of ISS Atlanta, Wells REIT I acquired investments in bonds and certain obligations under capital leases in the amount of $32.5 million.

(e) As a result of the acquisition of ISS Atlanta III, Wells REIT I acquired investments in bonds and certain obligations under capital leases in the amount of $10.0 million.

(f) Wells REIT I acquired an approximate 94.5% interest in the Leo Burnett Chicago Building through two joint ventures. As the general partner, Wells REIT is deemed to have Control of the partnerships and, as such, consolidates the joint venture.

(g) Wells REIT I purchased all of the membership interest in 1201 Equity, LLC, which own a 49.5% membership interest in 1201 Eye Street, N.W. Associates, which owns the US Park Service Building. As a result of its ownership of 1201 Equity, LLC, Wells owns an approximate 49.5% in the US Park Service. As the controlling member, Wells REIT I is deemed to have control of the entities and, as such, consolidates the joint venture.

(h) Wells REIT I purchased all of the membership interest in 1225 Equity, LLC, which own a 49.5% membership interest in 1225 Eye Street, N.W. Associates, which owns the 1225 Eye Street Building. As a result of its ownership of 1225 Equity, LLC, Wells owns an approximate 49.5% in the 1225 Eye Street Building. As the controlling member, Wells REIT I is deemed to have control of the entities and, as such consolidates the joint ventures.

(i) Wells REIT I assets are depreciated or amortized using the straight-lines method over the useful lives of the assets by class. Generally, Tenant improvements and lease intangibles are amortized over the respective lease term, Building Improvements are depreciated over 10-25 years, Land Improvements are depreciated over 20-25 years and Buildings are depreciated over 25 years.

(j) Property is owned subject to a long-term ground lease.

Table of Contents

Wells Real Estate Investment Trust, Inc.

Schedule III Real Estate Assets and Accumulated Depreciation

December 31, 2003

(in thousands)

	Cost	Accumulated Depreciation
Balance at December 31, 2000	$ 473,568	$ 16,964
2001 Additions	294,740	20,821
Balance at December 31, 2001	768,308	37,785
2002 Additions	1,497,206	45,290
Balance at December 31, 2002	2,265,514	83,075
2003 Additions	**2,500,389**	**125,778**
2003 Dispositions	**(6,852)**	**(915)**
Balance at December 31, 2003	**$ 4,759,051**	**$ 207,938**

107

Table of Contents

PRIOR PERFORMANCE TABLES

The following Prior Performance Tables (Tables) provide information relating to real estate investment programs sponsored by Wells Capital, Inc., our advisor, and its affiliates (Wells Public Programs) which have investment objectives similar to Wells Real Estate Investment Trust, Inc. (Wells REIT). Except for the Wells REIT, all of the Wells Public Programs have used capital, and no acquisition indebtedness, to acquire their properties.

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

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

Our advisor is responsible for the acquisition, operation, maintenance, and resale of the real estate properties for both the Wells REIT and other Wells Public Programs. The financial results of other Wells Public Programs, thus, may provide some indication of our advisor s performance of its obligations during the periods covered. However, general economic conditions affecting the real estate industry and other factors contribute significantly to financial results.

The following tables are included herein:

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

Table II - Compensation to Sponsor (in Dollars)

Table III - Annual Operating Results of Wells Public Programs

Table IV (Results of completed programs) has been omitted since none of the Wells Public Programs have been liquidated.

Table V - Sales or Disposals of Property

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

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

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

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

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

Table of Contents

TABLE I

EXPERIENCE IN RAISING AND INVESTING FUNDS

(UNAUDITED)

This Table provides a summary of the experience of the sponsors of Wells Public Programs for which offerings have been completed since December 31, 2000. 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, 2003.

	Wells Real Estate Fund XII, L.P.	Wells Real Estate Fund XIII, L.P.	Wells Real Estate Investment Trust, Inc.
Dollar Amount Raised	$ 35,611,192(3)	$ 37,751,487(4)	$ 4,407,689,325(5)
Percentage Amount Raised	100%(3)	100%(4)	100%(5)
Less Offering Expenses			
Underwriting Fees	9.5%	9.5%	9.5%
Organizational Expenses	3.0%	3.0%	1.3%
Reserves(1)	0.0%	0.0%	0.0%
Percent Available for Investment	87.5%	87.5%	89.2%
Acquisition and Development Costs			
Prepaid Items and Fees related to Purchase of Property	0.0%	0.0%	0.0%
Cash Down Payment	84.0%	84.0%	83.9%
Acquisition Fees(2)	3.5%	3.5%	3.5%
Development and Construction Costs	0.0%	0.0%	1.8%
Reserve for Payment of Indebtedness	0.0%	0.0%	0.0%
Total Acquisition and Development Cost	87.5%	87.5%	89.2%
Percent Leveraged	0.0%	0.0%	12.6%
Date Offering Began	03/22/99	03/29/01	(5)
Length of Offering	24 mo.	24 mo.	(5)
Months to Invest 90% of Amount Available for Investment (Measured from Beginning of Offering)	26 mo.	34 mo.	(5)
Number of Investors as of 12/31/03	1,355	1,389	117,783

(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 advisor or affiliates of the advisor.

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

(4) Total dollar amount registered and available to be offered was $45,000,000. Wells Real Estate Fund XIII, L.P. closed its offering on March 28, 2003, and the total dollar amount raised was $37,751,487.

(5) This amount includes only the Wells Real Estate Investment Trust, Inc. s third and fourth offerings. The total dollar amount registered and available to be offered in the third offering was $1,350,000,000. Wells Real Estate Investment Trust, Inc. began its third offering on December 20, 2000 and closed its third offering on July 26, 2002. It took Wells Real Estate Investment Trust, Inc. 21 months to invest 90% of the amount available for investment in the third offering. The total dollar amount raised in its third offering was $1,282,976,862. Wells Real Estate Investment Trust, Inc. began its fourth offering on July 26, 2002 and closed its fourth offering on December 11, 2003 (exclusive of (1) shares available for sale to our current stockholders under the dividend reinvestment plan, and (2) shares reserved to complete requests for transfer of asset transactions which were received on or before November 21, 2003. The issuance of shares pursuant to our dividend reinvestment plan will continue until the earlier of the issuance of all shares remaining under the fourth offering or July 25, 2004). It took Wells Real Estate Investment Trust, Inc. 18 months to invest 90% of the amount available for investment in the fourth offering. The total dollar amount raised in its fourth offering was $3,124,712,463.

Table of Contents

TABLE II

COMPENSATION TO SPONSOR

(UNAUDITED)

The following sets forth the compensation received by Wells Capital, Inc., our advisor, and its affiliates, including compensation paid out of offering proceeds and compensation paid in connection with the ongoing operations of Wells Public Programs having similar or identical investment objectives the offerings of which have been completed since December 31, 2000. All figures are as of December 31, 2003.

	Wells Real Estate Fund XII, L.P.	Wells Real Estate Fund XIII, L.P.	Wells Real Estate Investment Trust, Inc.[1]	Other Public Programs[2]
Date Offering Commenced	03/22/99	03/29/01	12/20/00	
Dollar Amount Raised	$ 35,611,192	$ 37,751,487	$ 4,407,689,325	$ 284,902,808
Amount paid to Sponsor from Proceeds of Offering:				
Underwriting Fees[3]	$ 362,416	$ 313,002	$ 44,076,893	$ 1,646,381
Acquisition Fees				
Real Estate Commissions	$ 1,246,392	$ 1,293,207	$ 154,269,126	$ 13,223,204
Acquisition and Advisory Fees[4]				
Dollar Amount of Cash Generated from Operations				
Before Deducting Payments to Sponsor[5]	$ 7,555,068	$ 2,354,356	$ 269,517,920	$ 53,139,579
Amount Paid to Sponsor from Operations:				
Property Management Fee	$ 211,699	$ 113,619	$ 6,208,440	$ 2,159,987
Partnership Management Fee				
Reimbursements	$ 250,733	$ 251,416	$ 5,429,734	$ 3,800,191
Leasing Commissions	$ 211,699	$ 113,619	$ 6,208,440	$ 2,159,987
General Partner Distributions				
Other				
Dollar Amount of Property Sales and Refinancing				
Payments to Sponsors:				
Cash				
Notes				
Amount Paid to Sponsor from Property Sales and Refinancing:				
Real Estate Commissions				
Incentive Fees				
Other				

(1) This amount includes only the Wells Real Estate Investment Trust, Inc. s third and fourth offerings. The total dollar amount registered and available to be offered in the third offering was $1,350,000,000. Wells Real Estate Investment Trust, Inc. began its third offering on December 20, 2000 and closed its third offering on July 26, 2002. It took Wells Real Estate Investment Trust, Inc. 21 months to invest 90% of the amount available for investment in the third offering. The total dollar amount raised in its third offering was $1,282,976,862. Wells Real Estate Investment Trust, Inc. began its fourth offering on July 26, 2002 and closed its fourth offering on December 11, 2003 (exclusive of (1) shares available for sale to our current stockholders under the dividend reinvestment plan, and (2) shares reserved to complete requests for transfer of asset transactions which were received on or before November 21, 2003. The issuance of shares pursuant to our dividend reinvestment plan will continue until the earlier of the issuance of all shares remaining under the fourth offering or July 25, 2004). It took Wells Real Estate Investment Trust, Inc. 18 months to invest 90% of the amount available for investment in the fourth

offering. The total dollar amount raised in its fourth offering was $3,124,712,463.

(2) Includes compensation paid to the general partners from Wells Real Estate Fund I, Wells Real Estate Fund II, Wells Real Estate Fund II-OW, Wells Real Estate Fund III, L.P., Wells Real Estate Fund IV, L.P., Wells Real Estate Fund V, L.P.,

Wells Real Estate Fund VI, L.P., Wells Real Estate Fund VII, L.P., Wells Real Estate Fund VIII, L.P., Wells Real Estate Fund IX, L.P., Wells Real Estate Fund X, L.P. and Wells Real Estate Fund XI, L.P. for the last three years. In addition to the amounts shown, affiliates of the general partners of Wells Real Estate Fund I are entitled to certain property management and leasing fees but have elected to defer the payment of such fees until a later year on properties owned by Wells Real Estate Fund I. As of December 31, 2003, the aggregate amount of such deferred fees totaled $2,816,703.

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

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

(5) Includes $417,968 in net cash used in operating activities and $7,298,905 in payments to sponsor for Wells Real Estate Fund XII, L.P.; $45,102 in net cash used in operating activities and $1,920,803 in payments to sponsor for Wells Real Estate Fund XIII, L.P.; $251,671,306 in net cash provided by operating activities and $17,846,614 in payments to sponsor for Wells Real Estate Investment Trust, Inc.; and $1,635,190 in net cash used in operating activities and $46,654,602 in payments to sponsor for other public programs.

Table of Contents

TABLE III

(UNAUDITED)

The following Tables set forth operating results of Wells Public Programs the offerings of which have been completed since December 31, 1998. The information relates only to public programs with investment objectives similar to those of Wells Real Estate Investment Trust, Inc. All figures are as of December 31 of the year indicated.

Table of Contents

OPERATING RESULTS OF PRIOR PROGRAMS

(UNAUDITED)

WELLS REAL ESTATE FUND XI, L.P.

	2003	2002	2001	2000	1999	1998
Gross Revenues[1]	$ 559,864	$ 839,691	$ 960,676	$ 975,850	$ 766,586	$ 262,729
Profit on Sale of Properties						
Less: Operating Expenses[2]	114,335	92,876	90,326	79,861	111,058	113,184
Depreciation and Amortization[3]	0	0	0		25,000	6,250
Net Income GAAP Basis[4]	$ 445,529	$ 746,815	$ 870,350	$ 895,989	$ 630,528	$ 143,295
Taxable Income: Operations	$ 562,793	$ 965,422	$ 1,038,394	$ 944,775	$ 704,108	$ 177,692
Cash Generated (Used By):						
Operations	(111,469)	(105,148)	(128,985)	(72,925)	40,906	(50,858)
Joint Ventures	2,468,579	1,473,190	1,376,673	1,333,337	705,394	102,662
	$ 2,357,110	$ 1,368,042	$ 1,247,688	$ 1,260,412	$ 746,300	$ 51,804
Less Cash Distributions to Investors:						
Operating Cash Flow	1,085,448	1,294,485	1,247,688	1,205,303	746,300	51,804
Return of Capital			4,809		49,761	48,070
Undistributed Cash Flow From Prior Year Operations			55,109			
Cash Generated (Deficiency) after Cash Distributions	$ 1,271,662	$ 73,557	$ (59,918)	$ 55,109	$ (49,761)	$ (48,070)
Special Items (not including sales and financing):						
Source of Funds:						
General Partner Contributions						
Increase in Limited Partner Contributions						16,532,801
	$ 1,271,662	$ 73,557	$ (59,918)	$ 55,109	$ (49,761)	$ 16,484,731
Use of Funds:						
Sales Commissions and Offering Expenses					214,609	1,779,661
Return of Original Limited Partner s Investment					100	
Property Acquisitions and Deferred Project Costs					9,005,979	5,412,870
Cash Generated (Deficiency) after Cash Distributions and Special Items	$ 1,271,662	$ 73,557	$ (59,918)	$ 55,109	$ (9,270,449)	$ 9,292,200
Net Income and Distributions Data per $1,000 Invested:						
Net Income on GAAP Basis:						
Ordinary Income (Loss)						

- Operations Class A Units	72	91	101	103	77	50
- Operations Class B Units	(205)	(168)	(158)	(155)	(112)	(77)
Capital Gain (Loss)						
Tax and Distributions Data						
per $1,000 Invested:						
Federal Income Tax Results:						
Ordinary Income (Loss)						
- Operations Class A Units	73	93	100	97	71	18
- Operations Class B Units	(168)	(109)	(100)	(112)	(73)	(17)
Capital Gain (Loss)						

113

Table of Contents

	2003	2002	2001	2000	1999	1998
Cash Distributions to Investors:						
Source (on GAAP Basis)						
- Investment Income Class A Units						
- Return of Capital Class A Units	72	90	97	90	60	8
- Return of Capital Class B Units		4				
Source (on Cash Basis)						
- Operations Class A Units	175	94	97	90	56	4
- Return of Capital Class A Units					4	4
- Operations Class B Units						
Source (on a Priority Distribution Basis)(5)						
- Investment Income Class A Units	58	75	75	69	46	6
- Return of Capital Class A Units	14	19	22	21	14	2
- Return of Capital Class B Units						
Amount (in Percentage Terms) Remaining Invested in Program Properties at the end of the Last Year Reported in the Table	100%					

(1) Includes $142,163 in equity in earnings of joint ventures and $120,566 from investment of reserve funds in 1998; $607,579 in equity in earnings of joint ventures and $159,007 from investment of reserve funds in 1999; $967,900 in equity in earnings of joint ventures and $7,950 from investment of reserve funds in 2000; $959,631 in equity in earnings of joint ventures and $1,045 from investment of reserve funds in 2001; $837,509 in equity in earnings of joint ventures and $2,182 from investment of reserve funds in 2002; and $557,937 in equity in earnings of joint ventures and $1,927 from investment of reserve funds in 2003. As of December 31, 2003, the leasing status was 80% including developed property in initial lease up.

(2) Includes partnership administrative expenses.

(3) Included in equity in earnings of joint ventures in gross revenues is depreciation of $105,458 for 1998; $353,840 for 1999; $485,558 for 2000; $491,478 for 2001; $492,404 for 2002; and $554,083 for 2003.

(4) In accordance with the partnership agreement, net income or loss, depreciation and amortization are allocated $254,862 to Class A Limited Partners, $(111,067) to Class B Limited Partners and $(500) to General Partners for 1998; $1,009,368 to Class A Limited Partners, $(378,840) to Class B Limited Partners and $0 to the General Partners for 1999; $1,381,547 to Class A Limited Partners, $(485,558) to Class B Limited Partners and $0 to General Partners for 2000; $1,361,828 to Class A Limited Partners, $(491,478) to Class B Limited Partners and $0 to the General Partners for 2001; $ 1,239,219 to Class A Limited Partners, $ (492,404) to Class B Limited Partners and $ 0 to the General Partners for 2002; and $999,612 to Class A Limited Partners, $(554,083) to Class B Limited Partners and $0 to the General Partners for 2003.

(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, 2003, the aggregate amount of such priority distributions payable to Class B Limited Partners totaled $1,245,525.

Table of Contents

TABLE III

OPERATING RESULTS OF PRIOR PROGRAMS

(UNAUDITED)

WELLS REAL ESTATE FUND XII, L.P.

	2003	2002	2001	2000	1999
Gross Revenues[1]	$ 1,634,528	$ 1,727,330	$ 1,661,194	$ 929,868	$ 160,379
Profit on Sale of Properties					
Less: Operating Expenses[2]	183,756	179,436	105,776	73,640	37,562
Depreciation and Amortization[3]	0	0	0	0	0
Net Income GAAP Basis[4]	$ 1,450,772	$ 1,547,894	$ 1,555,418	$ 856,228	$ 122,817
Taxable Income: Operations	$ 1,825,945	$ 1,929,381	$ 1,850,674	$ 863,490	$ 130,108
Cash Generated (Used By):					
Operations	(168,461)	(176,478)	(73,029)	247,244	3,783
Joint Ventures	2,673,330	2,824,519	2,036,837	737,266	61,485
	$ 2,504,869	$ 2,648,041	$ 1,963,808	$ 984,510	$ 65,268
Less Cash Distributions to Investors:					
Operating Cash Flow	2,520,418	2,648,041	1,963,808	779,818	62,934
Return of Capital					
Undistributed Cash Flow From Prior Year Operations	0	2,156	164,482		
Cash Generated (Deficiency) after Cash Distributions	$ (15,549)	$ (2,156)	$ (164,482)	$ 204,692	$ 2,334
Special Items (not including sales and financing):					
Source of Funds:					
General Partner Contributions			10,625,431	15,617,575	9,368,186
Increase in Limited Partner Contributions	$ (15,549)	$ (2,156)	$ 10,460,949	$ 15,822,267	$ 9,370,520
			1,338,556	1,952,197	1,171,024
Use of Funds:					100
Sales Commissions and Offering			9,298,085	16,246,485	5,615,262
Expenses Return of Original Limited Partner s	$ (15,549)	$ (2,156)	$ (175,692)	$ (2,376,415)	$ 2,584,134
Investment Property Acquisitions and Deferred Project Costs					
Cash Generated (Deficiency) after Cash Distributions and Special Items					
Net Income and Distributions Data per $1,000 Invested:					
Net Income on GAAP Basis:					
Ordinary Income (Loss)					
- Operations Class A Units	89	94	98	89	50

- Operations Class B Units	(163)	(151)	(131)	(92)	(56)
Capital Gain (Loss)					
Tax and Distributions Data per $1,000					
Invested:					
Federal Income Tax Results:					
Ordinary Income (Loss)	86	91	84	58	23
- Operations Class A Units	(97)	(95)	(74)	(38)	(25)
- Operations Class B Units					
Capital Gain (Loss)					
Cash Distributions to Investors:					
Source (on GAAP Basis)					
- Investment Income Class A Units	86	93	77	41	8
- Return of Capital Class A Units					
- Return of Capital Class B Units					

115

Table of Contents

	2003	2002	2001	2000	1999
Source (on Cash Basis)					
- Operations Class A Units	86	93	77	41	8
- Return of Capital Class A Units					
- Operations Class B Units					
Source (on a Priority Distribution Basis)(5)					
- Investment Income Class A Units	67	70	55	13	6
- Return of Capital Class A Units	18	23	22	28	2
- Return of Capital Class B Units					
Amount (in Percentage Terms) Remaining Invested in Program Properties at the end of the Last Year Reported in the Table	100%				

(1) Includes $124,542 in equity in earnings of joint ventures and $35,837 from investment of reserve funds in 1999; $664,401 in equity in earnings of joint ventures and $265,467 from investment of reserve funds in 2000; $1,577,523 in equity in earnings of joint ventures and $83,671 from investment of reserve funds in 2001; $1,726,553 in equity in earnings of joint ventures and $777 from investment of reserve funds in 2002; and $1,634,000 in equity in earnings of joint ventures and $528 from investment of reserve funds in 2003. As of December 31, 2003, the leasing status was 79% including developed property in initial lease up.

(2) Includes partnership administrative expenses.

(3) Included in equity in earnings of joint ventures in gross revenues is depreciation of $72,427 for 1999; $355,210 for 2000; $1,035,609 for 2001; $1,107,728 for 2002; and $1,112,820 for 2003.

(4) In accordance with the partnership agreement, net income or loss, depreciation and amortization are allocated $195,244 to Class A Limited Partners, $(71,927) to Class B Limited Partners and $(500) to the General Partners for 1999; $1,209,438 to Class A Limited Partners, $(353,210) to Class B Limited Partners and $0 to General Partners for 2000; $2,591,027 to Class A Limited Partners, $(1,035,609) to Class B Limited Partners and $0 to the General Partners for 2001; $2,655,622 to Class A Limited Partners, $(1,107,728) to Class B Limited Partners, $ 0 to General Partners for 2002; and $2,563,592 to Class A Limited Partners, $(1,112,820) to Class B Limited Partners, $0 to General Partners for 2003.

(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, 2003, the aggregate amount of such priority distributions payable to Class B Limited Partners totaled $1,525,172.

Table of Contents

TABLE III

OPERATING RESULTS OF PRIOR PROGRAMS

(UNAUDITED)

WELLS REAL ESTATE FUND XIII, L.P.

	2003	2002	2001
Gross Revenues[1]	$ 1,049,108	$ 621,381	$ 96,685
Profit on Sale of Properties			
Less: Operating Expenses[2]	160,705	142,996	61,817
Depreciation and Amortization[3]	0	0	0
Net Income GAAP Basis[4]	$ 888,403	$ 478,385	$ 34,868
Taxable Income: Operations	$ 2,634,584	$ 514,584	$ 61,402
Cash Generated (Used By):			
Operations	(118,986)	(7,821)	81,705
Joint Ventures	1,340,811	607,033	31,165
	$ 1,221,825	$ 599,212	$ 112,870
Less Cash Distributions to Investors:			
Operating Cash Flow	1,299,992	620,711	
Return of Capital			
Undistributed Cash Flow From Prior Year Operations			
Cash Generated (Deficiency) after Cash Distributions	$ (78,167)	$ (21,499)	$ 112,870
Special Items (not including sales and financing):			
Source of Funds:			
General Partner Contributions			
Increase in Limited Partner Contributions	10,399,660	16,442,773	10,630,964
	$ 10,321,493	$ 16,421,274	$ 10,743,834
Use of Funds:			
Sales Commissions and Offering Expenses	1,300,909	1,979,576	1,259,747
Return of Original Limited Partner s Investment			100
Property Acquisitions and Deferred Project Costs	12,511,831	9,107,492	8,522,750
Cash Generated (Deficiency) after Cash Distributions and Special Items	$ (3,491,247)	$ 5,334,206	$ (961,237)
Net Income and Distributions Data per $1,000 Invested:			
Net Income on GAAP Basis:			
Ordinary Income (Loss)			
- Operations Class A Units	56	52	20
- Operations Class B Units	(109)	(102)	(55)
Capital Gain (Loss)			
Tax and Distributions Data per $1,000 Invested:			
Federal Income Tax Results:			

Ordinary Income (Loss)			
- Operations Class A Units	61	46	20
- Operations Class B Units	(65)	(61)	(26)
Capital Gain (Loss)			
Cash Distributions to Investors:			
Source (on GAAP Basis)			
- Investment Income Class A Units	50	52	0
- Return of Capital Class A Units			
- Return of Capital Class B Units			
Source (on Cash Basis)			
- Operations Class A Units	50	52	0
- Return of Capital Class A Units			
- Operations Class B Units			
Source (on a Priority Distribution Basis) [5]			
- Investment Income Class A Units	39	42	0
- Return of Capital Class A Units	11	11	0
- 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%		

117

(1) Includes $58,610 in equity in earnings of joint ventures and $38,075 from investment of reserve funds in 2001; $531,457 in equity in earnings of joint ventures and $89,924 from investment of reserve funds in 2002; and $931,683 in equity in earnings of joint ventures and $117,425 from investment of reserve funds in 2003. As of December 31, 2003, 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 $48,925 for 2001; $317,466 for 2002; and $739,383 for 2003.

(4) In accordance with the partnership agreement, net income or loss, depreciation and amortization are allocated $84,293 to Class A Limited Partners, $(48,925) to Class B Limited Partners and $0 to the General Partners for 2001; $795,851 to Class A Limited Partners, $(317,466) to Class B Limited Partners, $0 to General Partners for 2002; and $1,627,786 to Class A Limited Partners, $(739,383) to Class B Limited Partners, $0 to General Partners for 2003.

(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, 2003, the aggregate amount of such priority distributions payable to Class B Limited Partners totaled $162,848.

TABLE V

SALES OR DISPOSALS OF PROPERTIES

(UNAUDITED)

This Table sets forth sales or other disposals of properties by Wells Public Programs within the most recent three years. The information relates to only public programs with investment objectives similar to those of Wells Real Estate Investment Trust, Inc. All figures are as of December 31, 2003.

			Selling Price, Net Of Closing Costs And GAAP Adjustments					Cost Of Properties Including Closing And Soft Costs			
Property	Date Acquired	Date Of Sale	Cash Received Net Of Closing Costs	Mortgage Balance At Time Of Sale	Purchase Money Mortgage Taken Back By Program	Adjustments Resulting From Application Of GAAP	Total	Original Mortgage Financing	Total Acquisition Cost, Capital Improvement, Closing And Soft Costs[9]	Total	Excess (Deficiency) Of Property Operating Cash Receipts Over Cash Expenditures
Crowe s Crossing Shopping Center, DeKalb County, GA	12/31/86	01/11/01	$ 6,487,000	-0-	-0-	-0-	$ 6,487,000[10]	-0-	$ 9,255,594	$ 9,255,594	-0-
Cherokee Commons Shopping Center, Cherokee County, GA	10/30/87	10/01/01	$ 8,434,089	-0-	-0-	-0-	$ 8,434,089[11]	-0-	$ 10,450,555	$ 10,450,555	-0-
Greenville Center, Greenville, SC	6/20/90	9/30/02	$ 2,271,187	-0-	-0-	-0-	$ 2,271,187[12]	-0-	$ 4,297,901	$ 4,297,901	-0-
Tanglewood Commons Outparcel, Clemmens, NC	5/30/95	10/07/02	$ 524,398	-0-	-0-	-0-	$ 524,398[13]	-0-	$ 506,326	$ 506,326	-0-
Heritage Place,	6/30/88	04/07/03	$ 3,207,708	-0-	-0-	-0-	$ 3,207,708[14]	-0-	$ 4,549,656	$ 4,549,656	-0-

DeKalb County, GA												
Hartford Building, Southington, CT	12/29/93	08/12/03	$ 8,146,476	-0-	-0-	-0-	$ 8,146,476[15]	-0-	$	7,687,520 $	7,687,520	-0-
Cort Building, Fountain Valley, CA	09/01/98	09/11/03	$ 5,517,020	-0-	-0-	-0-	$ 5,517,020[16]	-0-	$	6,851,616 $	6,851,616	-0-
Village Overlook, Stockbridge, GA	09/14/92	09/29/03	$ 4,995,305	-0-	-0-	-0-	$ 4,995,305[17]	-0-	$	4,790,507 $	4,790,507	-0-

---

9 Amount shown does not include *pro rata* share of original offering costs.

10 Includes taxable gain from this sale in the amount of $11,496, of which $11,496 is allocated to capital gain and $0 is allocated to ordinary income.

11 Includes taxable gain from this sale in the amount of $207,613, of which $207,613 is allocated to capital gain and $0 is allocated to ordinary income.

12 Includes taxable loss from this sale in the amount of $910,227.

13 Includes taxable gain from this sale in the amount of $13,062, of which $13,062 is allocated to capital gain and $0 is allocated to ordinary income.

14 Includes taxable loss from this sale in the amount of $147,135.

15 Includes taxable gain from this sale in the amount of $ 1,815,315, of which $ 1,815,315 is allocated to capital gain and $ 0 is allocated to ordinary income.

16 Includes taxable loss from this sale in the amount of $686,513.

17 Includes taxable gain from this sale in the amount of $1,264,739, of which $1,264,739 is allocated to capital gain and $ 0 is allocated to ordinary gain.

Table of Contents

Report of Independent Auditors

Shareholders and Board of Directors

Wells Real Estate Investment Trust, Inc.

We have audited the accompanying statement of revenues over certain operating expenses of the 60 Broad Street New York Building for the year ended December 31, 2002. This statement is the responsibility of the 60 Broad Street New York Building s management. Our responsibility is to express an opinion on this statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of 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 presentation of the statement of revenues over certain operating expenses. We believe that our audit provides a reasonable basis for our opinion.

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, as described in Note 2, and is not intended to be a complete presentation of the 60 Broad Street New York Building s revenues and expenses.

In our opinion, the statement of revenues over certain operating expenses referred to above presents fairly, in all material respects, the revenues and certain operating expenses described in Note 2 of the 60 Broad Street New York Building for the year ended December 31, 2002 in conformity with accounting principles generally accepted in the United States.

/s/ Ernst & Young LLP

Atlanta, Georgia

January 13, 2004

Table of Contents

60 Broad Street New York Building

Statements of Revenues Over Certain Operating Expenses

For the year ended December 31, 2002

and the nine months ended September 30, 2003 (unaudited)

(in thousands)

	2003	2002
	(Unaudited)	
Revenues:		
Base rent	$ 17,103	$ 22,196
Tenant reimbursements	2,579	3,227
Other revenues	524	1,190
Total revenues	20,206	26,613
Expenses:		
Utilities	2,129	2,414
Repairs and maintenance	1,428	2,167
Cleaning	1,348	1,699
Real estate taxes	2,300	1,679
Security	532	793
Other operating expenses	894	633
Administrative	358	575
Total expenses	8,989	9,960
Revenues over certain operating expenses	$ 11,217	$ 16,653

See accompanying notes.

Table of Contents

60 Broad Street New York Building

Notes to Statements of Revenues Over Certain Operating Expenses

For the year ended December 31, 2002

and the nine months ended September 30, 2003 (unaudited)

1. Description of Real Estate Property Acquired

On December 31, 2003, Wells Operating Partnership, L.P. (Wells OP), through a wholly owned subsidiary, acquired the 60 Broad Street New York Building, a 39-story office building containing approximately 989,000 square feet located in New York, New York, from 60 Broad Street LLC. Total consideration for the acquisition was approximately $213.6 million. Wells OP is a Delaware limited partnership formed to acquire, own, lease, operate, and manage real properties on behalf of Wells Real Estate Investment Trust, Inc., a Maryland corporation. As the sole general partner of Wells OP, Wells Real Estate Investment Trust, Inc. possesses full legal control and authority over the operations of Wells OP.

2. Basis of Accounting

The accompanying statements of revenues over certain operating expenses are presented in conformity with accounting principles generally accepted in the United States and in accordance with the applicable rules and regulations of the Securities and Exchange Commission for real estate properties acquired. Accordingly, the statements exclude certain historical amounts that are not comparable to the proposed future operations of the property such as certain ancillary income, amortization, depreciation, interest, and corporate expenses. Therefore, the statements will not be comparable to the statements of operations of the 60 Broad Street New York Building after its acquisition by Wells OP.

3. Significant Accounting Policies

Rental Revenues

Rental revenue is recognized on a straight-line basis over the term of the related lease. The excess of rental income recognized over the amounts due pursuant to the lease term is recorded as straight-line rent receivable. The adjustment to straight-line rent receivable decreased revenue by approximately $0.1 million for the year ended December 31, 2002 and $0.3 million for the nine months ended September 30, 2003.

Use of Estimates

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

Table of Contents

60 Broad Street New York Building

Notes to Statements of Revenues Over Certain Operating Expenses

For the year ended December 31, 2002

and the nine months ended September 30, 2003 (unaudited)

4. Description of Leasing Arrangements

The office and retail space is leased to tenants under leases with terms that vary in length. Certain leases contain reimbursement clauses and renewal options. 60 Broad Street LLC s interests in all lease agreements were assigned to Wells OP upon its acquisition of the 60 Broad Street New York Building.

5. Future Minimum Rental Commitments

Future minimum rental commitments for the years ended December 31 are as follows (in thousands):

2003	$ 23,110
2004	23,407
2005	23,362
2006	23,395
2007	23,138
Thereafter	41,764
	$ 158,176

6. Interim Unaudited Financial Information

The statement of revenues over certain operating expenses for the nine months ended September 30, 2003 is unaudited, however, in the opinion of management, all adjustments (consisting solely of normal, recurring adjustments) necessary for the fair presentation of the financial statement for the interim period have been included. The results of the interim period are not necessarily indicative of the results to be obtained for a full fiscal year.

Table of Contents

Report of Independent Auditors

Shareholders and Board of Directors

Wells Real Estate Investment Trust, Inc.

We have audited the accompanying statement of revenues over certain operating expenses of the 1901 Market Street Philadelphia Building for the year ended December 31, 2002. This statement is the responsibility of the 1901 Market Street Philadelphia Building s management. Our responsibility is to express an opinion on this statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of 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 presentation of the statement of revenues over certain operating expenses. We believe that our audit provides a reasonable basis for our opinion.

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, as described in Note 2, and is not intended to be a complete presentation of the 1901 Market Street Philadelphia Building s revenues and expenses.

In our opinion, the statement of revenues over certain operating expenses referred to above presents fairly, in all material respects, the revenues and certain operating expenses described in Note 2 of the 1901 Market Street Philadelphia Building for the year ended December 31, 2002 in conformity with accounting principles generally accepted in the United States.

/s/ Ernst & Young LLP

Atlanta, Georgia

December 29, 2003

Table of Contents

1901 Market Street Philadelphia Building

Statements of Revenues Over Certain Operating Expenses

For the year ended December 31, 2002

and the nine months ended September 30, 2003 (unaudited)

(in thousands)

	2003	2002
	(Unaudited)	
Rental revenues	$ 10,750	$ 14,333
Operating expenses	0	0
Revenues over certain operating expenses	$ 10,750	$ 14,333

See accompanying notes.

125

Table of Contents

1901 Market Street Philadelphia Building

Notes to Statements of Revenues Over Certain Operating Expenses

For the year ended December 31, 2002

and the nine months ended September 30, 2003 (unaudited)

1. Description of Real Estate Property Acquired

On December 18, 2003, Wells 1901 Market Business Trust, a Delaware statutory trust, acquired from PIC Realty Corporation all of the membership interests in PRU 1901 Market L.L.C., a Delaware limited liability company that owns the 1901 Market Street Philadelphia Building, a 45-story office building containing approximately 761,000 square feet located in Philadelphia, Pennsylvania. Total consideration for the acquisition was approximately $174 million. Wells Real Estate Investment Trust, Inc. (Wells REIT), a Maryland corporation, is the sponsor and beneficial owner of Wells 1901 Market Business Trust. As the sponsor and beneficial owner, Wells REIT possesses full legal control and authority over the operations of Wells 1901 Market Business Trust.

2. Basis of Accounting

The accompanying statements of revenues over certain operating expenses are presented in conformity with accounting principles generally accepted in the United States and in accordance with the applicable rules and regulations of the Securities and Exchange Commission for real estate properties acquired. Accordingly, the statements exclude certain historical expenses that are not comparable to the proposed future operations of the property such as certain ancillary income, amortization, depreciation, interest, and corporate expenses. Therefore, the statements will not be comparable to the statements of operations of the 1901 Market Street Philadelphia Building after its acquisition by Wells 1901 Market Business Trust.

3. Significant Accounting Policies

Rental Revenues

Rental revenue is recognized on a straight-line basis over the term of the related lease. The excess of rental income recognized over the amounts due pursuant to the lease term is recorded as straight-line rent receivable. The adjustment to straight-line rent receivable increased revenue by approximately $1.4 million for the year ended December 31, 2002 and approximately $0.9 million for the nine months ended September 30, 2003.

Use of Estimates

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

4. Description of Leasing Arrangements

The 1901 Market Street Philadelphia Building is 100% leased to Independence Blue Cross under a net lease (Independence Blue Cross Lease). Under the Independence Blue Cross Lease, Independence Blue Cross is required to pay directly to service provider, governmental agency and/or vendor all costs and expenses attributable to the premises including, but not limited to, all real estate taxes, special and general assessments, insurance premiums, utilities and maintenance and repair costs.

126

Table of Contents

1901 Market Street Philadelphia Building

Notes to Statements of Revenues Over Certain Operating Expenses (continued)

For the year ended December 31, 2002

and the nine months ended September 30, 2003 (unaudited)

5. Future Minimum Rental Commitments

Future minimum rental commitments for the years ended December 31 are as follows (in thousands):

2003	$ 12,899
2004	12,899
2005	12,899
2006	13,056
2007	15,766
Thereafter	236,983
	$ 304,502

6. Interim Unaudited Financial Information

The statement of revenues over certain operating expenses for the nine months ended September 30, 2003 is unaudited, however, in the opinion of management, all adjustments (consisting solely of normal, recurring adjustments) necessary for the fair presentation of the financial statement for the interim period have been included. The results of the interim period are not necessarily indicative of the results to be obtained for a full fiscal year.

Table of Contents

Report of Independent Auditors

Shareholders and Board of Directors

Wells Real Estate Investment Trust, Inc.

We have audited the accompanying statement of revenues over certain operating expenses of the Bank of America Orange County Building for the year ended December 31, 2002. This statement is the responsibility of the Bank of America Orange County Building s management. Our responsibility is to express an opinion on this statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statements 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 presentation of the statement of revenues over certain operating expenses. We believe that our audit provides a reasonable basis for our opinion.

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, as described in Note 2, and is not intended to be a complete presentation of the Bank of America Orange County Building s revenues and expenses.

In our opinion, the statement of revenues over certain operating expenses referred to above presents fairly, in all material respects, the revenues and certain operating expenses described in Note 2 of the Bank of America Orange County Building for the year ended December 31, 2002 in conformity with accounting principles generally accepted in the United States.

/s/ Ernst & Young LLP

Atlanta, Georgia

December 29, 2003

Table of Contents

Bank of America Orange County Building

Statements of Revenues Over Certain Operating Expenses

For the year ended December 31, 2002

and the nine months ended September 30, 2003 (unaudited)

(in thousands)

	2003	2002
	(Unaudited)	
Rental revenues	$ 5,517	$ 7,356
Operating expenses	0	0
Revenues over certain operating expenses	$ 5,517	$ 7,356

See accompanying notes.

129

Table of Contents

Bank of America Orange County Building

Notes to Statements of Revenues Over Certain Operating Expenses

For the year ended December 31, 2002

and the nine months ended September 30, 2003 (unaudited)

1. Description of Real Estate Property Acquired

On December 18, 2003, Wells Operating Partnership, L.P. (Wells OP), through a wholly owned subsidiary, acquired the Bank of America Orange County Building, a three-story office building containing approximately 638,000 square feet located in Brea, California, from PIC Realty Corporation. Total consideration for the acquisition was approximately $94 million. Wells OP is a Delaware limited partnership formed to acquire, own, lease, operate, and manage real properties on behalf of Wells Real Estate Investment Trust, Inc., a Maryland corporation. As the sole general partner of Wells OP, Wells Real Estate Investment Trust, Inc. possesses full legal control and authority over the operations of Wells OP.

2. Basis of Accounting

The accompanying statements of revenues over certain operating expenses are presented in conformity with accounting principles generally accepted in the United States and in accordance with the applicable rules and regulations of the Securities and Exchange Commission for real estate properties acquired. Accordingly, the statements exclude certain historical expenses that are not comparable to the proposed future operations of the property such as certain ancillary income, amortization, depreciation, interest, and corporate expenses. Therefore, the statements will not be comparable to the statements of operations of the Bank of America Orange County Building after its acquisition by Wells OP.

3. Significant Accounting Policies

Rental Revenues

Rental revenue is recognized on a straight-line basis over the term of the related lease. The excess of rental income recognized over the amounts due pursuant to the lease term is recorded as straight-line rent receivable. The adjustment to straight-line rent receivable increased revenue by approximately $0.3 million for the year ended December 31, 2002 and decreased revenue by approximately $0.2 million for the nine months ended September 30, 2003.

Use of Estimates

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

4. Description of Leasing Arrangements

The Bank of America Orange County Building is 100% leased to Bank of America NA (Bank of America) under a net lease (Bank of America Lease). Under the Bank of America Lease, Bank of America is required to pay directly to service provider, governmental agency and/or vendor all costs and expenses attributable to the premises including, but not limited to, all real estate taxes, special and general assessments, insurance premiums, utilities and maintenance and repair costs.

130

Table of Contents

Bank of America Orange County Building

Notes to Statements of Revenues Over Certain Operating Expenses (continued)

For the year ended December 31, 2002

and the nine months ended September 30, 2003 (unaudited)

5. Future Minimum Rental Commitments

Future minimum rental commitments for the years ended December 31 are as follows (in thousands):

2003	$ 7,574
2004	7,574
2005	7,574
2006	7,574
2007	8,141
Thereafter	13,065
	$ 51,502

6. Interim Unaudited Financial Information

The statement of revenues over certain operating expenses for the nine months ended September 30, 2003 is unaudited, however, in the opinion of management, all adjustments (consisting solely of normal, recurring adjustments) necessary for the fair presentation of the financial statement for the interim period have been included. The results of the interim period are not necessarily indicative of the results to be obtained for a full fiscal year.

Table of Contents

Report of Independent Auditors

Joint Ventures Partners

Wells Fund XIII REIT Joint Venture Partnership:

We have audited the accompanying statement of revenues over certain operating expenses of the AIU Chicago Building for the year ended December 31, 2002. This statement is the responsibility of the AIU Chicago Building s management. Our responsibility is to express an opinion on this statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of 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 presentation of the statement of revenues over certain operating expenses. We believe that our audit provides a reasonable basis for our opinion.

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, as described in Note 2, and is not intended to be a complete presentation of the AIU Chicago Building s revenues and expenses.

In our opinion, the statement of revenues over certain operating expenses referred to above presents fairly, in all material respects, the revenues and certain operating expenses described in Note 2 of the AIU Chicago Building for the year ended December 31, 2002 in conformity with accounting principles generally accepted in the United States.

Atlanta, Georgia

September 19, 2003 /s/ Ernst & Young LLP

Table of Contents

AIU Chicago Building

Statements of Revenues Over Certain Operating Expenses

For the year ended December 31, 2002

and the six months ended June 30, 2003 (unaudited)

(in thousands)

	2003	2002
	(Unaudited)	
Revenues:		
Base rent	$ 836	$ 1,506
Tenant reimbursements	855	1,143
Other revenue	719	27
Total revenues	2,410	2,676
Expenses:		
Real estate taxes	401	780
Other operating expenses	167	284
General and administrative	126	258
Utilities	100	189
Cleaning	105	152
Management fees	74	80
Total expenses	973	1,743
Revenues over certain operating expenses	$ 1,437	$ 933

See accompanying notes.

Table of Contents

AIU Chicago Building

Notes to Statements of Revenues Over Certain Operating Expenses

For the year ended December 31, 2002

and the six months ended June 30, 2003 (unaudited)

1. Description of Real Estate Property Acquired

On September 19, 2003, the Wells Fund XIII REIT Joint Venture Partnership (Wells Fund XIII REIT) acquired the AIU Chicago Building, a four-story office building containing approximately 194,000 square feet located in Hoffman Estates, Illinois, from Two Park Center, L.L.C. (Two Park Center), an unrelated third-party. Total consideration for the acquisition was approximately $26.3 million. Wells Fund XIII REIT is a joint venture partnership between Wells Real Estate Fund XIII, L.P. and Wells Operating Partnership, L.P. (Wells OP). Wells OP is a Delaware limited partnership formed to acquire, own, lease, operate, and manage real properties on behalf of Wells Real Estate Investment Trust, Inc., a Maryland corporation. As the sole general partner of Wells OP, Wells Real Estate Investment Trust, Inc. possesses full legal control and authority over the operations of Wells OP.

2. Basis of Accounting

The accompanying statements of revenues over certain operating expenses are presented in conformity with accounting principles generally accepted in the United States and in accordance with the applicable rules and regulations of the Securities and Exchange Commission for real estate properties acquired. Accordingly, the statements exclude certain historical expenses that are not comparable to the proposed future operations of the property such as certain ancillary income, amortization, depreciation, interest and corporate expenses. Therefore, the statements will not be comparable to the statements of operations of the AIU Chicago Building after its acquisition by Wells Fund XIII REIT.

3. Significant Accounting Policies

Rental Revenues

Rental revenue is recognized on a straight-line basis over the terms of the related leases. The excess of rental income recognized over the amounts due pursuant to lease terms is recorded as straight-line rent receivable. The adjustment to straight-line rent receivable increased revenue by approximately $36,000 for the year ended December 31, 2002 and approximately $40,000 for the six months ended June 30, 2003.

Use of Estimates

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

Table of Contents

AIU Chicago Building

Notes to Statements of Revenues Over Certain Operating Expenses (continued)

For the year ended December 31, 2002

and the six months ended June 30, 2003 (unaudited)

4. Description of Leasing Arrangements

Two Park Center s interests in all lease agreements were assigned to Wells Fund XIII REIT upon its acquisition of the AIU Chicago Building. The office space is leased to tenants under leases with terms that vary in length. Certain leases contain reimbursement clauses and renewal options. One tenant, Hartford Computer Group, Inc. (Hartford), terminated its lease for approximately 49,000 square feet in March 2003. Hartford paid Two Park Center a termination fee of $700,000, which is included in Other Revenue for the six months ended June 30, 2003.

5. Future Minimum Rental Commitments

Future minimum rental commitments for the years ended December 31 are as follows (in thousands):

2003	$ 1,976
2004	2,557
2005	2,632
2006	2,621
2007	2,445
Thereafter	3,106
	$ 15,337

Four tenants, Hartford, American Intercontinental University, Inc. (AIU), Future Electronics Corporation (Future) and Philips Electronics North America Corporation (Philips) contributed approximately 45%, 15%, 14% and 13%, respectively, of rental income for the year ended December 31, 2002. AIU, Philips, Hartford and Future contributed approximately 35%, 25%, 14% and 13%, respectively, of rental income for the six months ended June 30, 2003. Subsequent to December 31, 2002, AIU and Philips will contribute approximately 74% and 13%, respectively, of the future minimum rental income of those leases in place as of that date.

6. Interim Unaudited Financial Information

The statement of revenues over certain operating expenses for the six months ended June 30, 2003 is unaudited; however, in the opinion of management, all adjustments (consisting solely of normal, recurring adjustments) necessary for the fair presentation of the financial statement for the interim period have been included. The results of the interim period are not necessarily indicative of the results to be obtained for a full fiscal year.

Table of Contents

Report of Independent Auditors

Shareholders and Board of Directors

Wells Real Estate Investment Trust, Inc.

We have audited the accompanying statement of revenues over certain operating expenses of the Aventis Northern NJ Building for the year ended December 31, 2002. This statement is the responsibility of the Aventis Northern NJ Building s management. Our responsibility is to express an opinion on this statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of 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 presentation of the statement of revenues over certain operating expenses. We believe that our audit provides a reasonable basis for our opinion.

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, as described in Note 2, and is not intended to be a complete presentation of the Aventis Northern NJ Building s revenues and expenses.

In our opinion, the statement of revenues over certain operating expenses referred to above presents fairly, in all material respects, the revenues and certain operating expenses described in Note 2 of the Aventis Northern NJ Building for the year ended December 31, 2002 in conformity with accounting principles generally accepted in the United States.

Atlanta, Georgia

August 20, 2003 /s/ Ernst & Young LLP

Table of Contents

Aventis Northern NJ Building

Statements of Revenues Over Certain Operating Expenses

For the year ended December 31, 2002

and the six months ended June 30, 2003 (unaudited)

(in thousands)

	2003	2002
	(Unaudited)	
Revenues:		
Base rent	$ 3,888	$ 7,129
Tenant reimbursements	1,167	2,264
Total revenues	5,055	9,393
Expenses:		
Other operating expenses	370	613
Real estate taxes	398	567
Utilities	245	561
Management fees	127	266
Salaries & wages	118	257
Total expenses	1,258	2,264
Revenues over certain operating expenses	$ 3,797	$ 7,129

See accompanying notes.

137

Table of Contents

Aventis Northern NJ Building

Notes to Statements of Revenues Over Certain Operating Expenses

For the year ended December 31, 2002

and the six months ended June 30, 2003 (unaudited)

1. Description of Real Estate Property Acquired

On August 14, 2003, Wells Bridgewater I, LLC (the Company) acquired the Aventis Northern NJ Building, an eight-story office building containing approximately 297,000 square feet located in Bridgewater, New Jersey, from PGC Bridgewater, LLC (PGC Bridgewater). Total consideration for the acquisition was approximately $96.3 million. The Company, a Georgia limited liability company, was created on August 8, 2003. Wells Operating Partnership, L.P. (Wells OP) is the sole member of the Company. Wells OP is a Delaware limited partnership formed to acquire, own, lease, operate, and manage real properties on behalf of Wells Real Estate Investment Trust, Inc., a Maryland corporation. As the sole general partner of Wells OP, Wells Real Estate Investment Trust, Inc. possesses full legal control and authority over the operations of Wells OP.

2. Basis of Accounting

The accompanying statements of revenues over certain operating expenses are presented in conformity with accounting principles generally accepted in the United States and in accordance with the applicable rules and regulations of the Securities and Exchange Commission for real estate properties acquired. Accordingly, the statements exclude certain historical expenses that are not comparable to the proposed future operations of the property such as certain ancillary income, amortization, depreciation, interest and corporate expenses. Therefore, the statements will not be comparable to the statements of operations of the Aventis Northern NJ Building after its acquisition by the Company.

3. Significant Accounting Policies

Rental Revenues

Rental revenue is recognized on a straight-line basis over the terms of the related leases. The excess of recognized rental income over amounts due pursuant to lease terms is recorded as straight-line rent receivable. The impact of the straight-line rent adjustment increased revenue by approximately $450,000 for the year ended December 31, 2002 and by approximately $246,000 for the six months ended June 30, 2003.

Use of Estimates

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

Table of Contents

Aventis Northern NJ Building

Notes to Statements of Revenues Over Certain Operating Expenses (continued)

For the year ended December 31, 2002

and the six months ended June 30, 2003 (unaudited)

4. Description of Leasing Arrangements

The Aventis Northern NJ Building is 100% leased to Aventis, Inc. (Aventis) under a net lease (Aventis Lease) that commenced in February 2002 and expires in March 2012. Under the Aventis Lease, Aventis is required to pay, as additional rent, the costs of electrical energy consumed, its proportionate share of operating expenses and a management fee equal to 3% of gross revenue. PGC Bridgewater s interest in the Aventis lease agreement was assigned to the Company upon its acquisition of the Aventis Northern NJ Building.

5. Future Minimum Rental Commitments

Future minimum rental commitments for the years ended December 31 are as follows (in thousands):

2003	$ 7,286
2004	7,286
2005	7,286
2006	7,286
2007	8,171
Thereafter	35,072
	$ 72,387

6. Interim Unaudited Financial Information

The statement of revenues over certain operating expenses for the six months ended June 30, 2003 is unaudited, however, in the opinion of management, all adjustments (consisting solely of normal, recurring adjustments) necessary for the fair presentation of the financial statement for the interim period have been included. The results of the interim period are not necessarily indicative of the results to be obtained for a full fiscal year.

Table of Contents

Report of Independent Auditors

Shareholders and Board of Directors

Wells Real Estate Investment Trust, Inc.

We have audited the accompanying statement of revenues over certain operating expenses of the Cingular Atlanta Building for the year ended December 31, 2002. This statement is the responsibility of the Cingular Atlanta Building s management. Our responsibility is to express an opinion on this statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of 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 presentation of the statement of revenues over certain operating expenses. We believe that our audit provides a reasonable basis for our opinion.

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, as described in Note 2, and is not intended to be a complete presentation of the Cingular Atlanta Building s revenues and expenses.

In our opinion, the statement of revenues over certain operating expenses referred to above presents fairly, in all material respects, the revenues and certain operating expenses described in Note 2 of the Cingular Atlanta Building for the year ended December 31, 2002 in conformity with accounting principles generally accepted in the United States.

Atlanta, Georgia

August 8, 2003 /s/ Ernst & Young LLP

Table of Contents

Cingular Atlanta Building

Statements of Revenues Over Certain Operating Expenses

For the year ended December 31, 2002

and the six months ended June 30, 2003 (unaudited)

(in thousands)

	2003	2002
	(Unaudited)	
Revenues:		
Base rent	$ 5,183	$ 10,364
Tenant reimbursements	87	137
Parking revenue	9	13
Total revenues	5,279	10,514
Expenses:		
Other operating expenses	485	912
Real estate taxes	515	908
Utilities	263	603
Cleaning	191	356
Management fees	125	250
Security	125	221
Total expenses	1,704	3,250
Revenues over certain operating expenses	$ 3,575	$ 7,264

See accompanying notes.

Table of Contents

Cingular Atlanta Building

Notes to Statements of Revenues Over Certain Operating Expenses

For the year ended December 31, 2002

and the six months ended June 30, 2003 (unaudited)

1. Description of Real Estate Property Acquired

On August 1, 2003, Wells Operating Partnership, L.P. (Wells OP) acquired the Cingular Atlanta Building, a 19-story office building containing approximately 413,000 square feet located in Atlanta, Georgia, from Teachers Insurance and Annuity Association of America (Teachers). Total consideration for the acquisition was approximately $84 million. Wells OP is a Delaware limited partnership formed to acquire, own, lease, operate, and manage real properties on behalf of Wells Real Estate Investment Trust, Inc., a Maryland corporation. As the sole general partner of Wells OP, Wells Real Estate Investment Trust, Inc. possesses full legal control and authority over the operations of Wells OP.

2. Basis of Accounting

The accompanying statements of revenues over certain operating expenses are presented in conformity with accounting principles generally accepted in the United States and in accordance with the applicable rules and regulations of the Securities and Exchange Commission for real estate properties acquired. Accordingly, the statements exclude certain historical expenses that are not comparable to the proposed future operations of the property such as certain ancillary income, amortization, depreciation, interest and corporate expenses. Therefore, the statements will not be comparable to the statements of operations of the Cingular Atlanta Building after its acquisition by Wells OP.

3. Significant Accounting Policies

Rental Revenues

Rental revenue is recognized on a straight-line basis over the terms of the related leases. The excess of recognized rental income over amounts due pursuant to lease terms is recorded as straight-line rent receivable. The impact of the straight-line rent adjustment increased revenue by approximately $1.9 million for the year ended December 31, 2002, due to recognition of rent abatements in the first two years of the lease which will not recur on an ongoing basis, and decreased revenue by approximately $0.2 million for the six months ended June 30, 2003.

Use of Estimates

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

Table of Contents

Cingular Atlanta Building

Notes to Statements of Revenues Over Certain Operating Expenses (continued)

For the year ended December 31, 2002

and the six months ended June 30, 2003 (unaudited)

4. Description of Leasing Arrangements

The office and retail space is leased to tenants under leases with terms that vary in length. Certain leases contain reimbursement clauses and renewal options. Teachers interests in all lease agreements were assigned to Wells OP upon its acquisition of the Cingular Atlanta Building.

5. Future Minimum Rental Commitments

Future minimum rental commitments for the years ended December 31 are as follows (in thousands):

2003	$ 10,743
2004	10,927
2005	11,290
2006	11,491
2007	10,784
Thereafter	36,063
	$ 91,298

Two tenants, Cingular Wireless, LLC and Habif, Arogeti & Wynne, LLP contributed approximately 81% and 13%, respectively, of rental income for the year ended December 31, 2002. Subsequent to December 31, 2002, these tenants will contribute approximately 81% and 12%, respectively, of the future minimum rental income of those leases in place as of that date.

6. Interim Unaudited Financial Information

The statement of revenues over certain operating expenses for the six months ended June 30, 2003 is unaudited, however, in the opinion of management, all adjustments (consisting solely of normal, recurring adjustments) necessary for the fair presentation of the financial statement for the interim period have been included. The results of the interim period are not necessarily indicative of the results to be obtained for a full fiscal year.

Table of Contents

Report of Independent Auditors

Shareholders and Board of Directors

Wells Real Estate Investment Trust, Inc.

We have audited the accompanying statement of revenues over certain operating expenses of the Lockheed Martin Rockville Buildings for the year ended December 31, 2002. This statement is the responsibility of the Lockheed Martin Rockville Buildings management. Our responsibility is to express an opinion on this statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of 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 presentation of the statement of revenues over certain operating expenses. We believe that our audit provides a reasonable basis for our opinion.

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, as described in Note 2, and is not intended to be a complete presentation of the Lockheed Martin Rockville Buildings revenues and expenses.

In our opinion, the statement of revenues over certain operating expenses referred to above presents fairly, in all material respects, the revenues and certain operating expenses described in Note 2 of the Lockheed Martin Rockville Buildings for the year ended December 31, 2002 in conformity with accounting principles generally accepted in the United States.

Atlanta, Georgia
August 14, 2003 /s/ Ernst & Young LLP

Table of Contents

Lockheed Martin Rockville Buildings

Statements of Revenues Over Certain Operating Expenses

For the year ended December 31, 2002

and the six months ended June 30, 2003 (unaudited)

(in thousands)

	2003	2002
	(Unaudited)	
Revenues:		
Base rent	$ 2,739	$ 4,727
Tenant reimbursements	96	159
Total revenues	2,835	4,886
Expenses:		
Other operating expenses	224	519
Real estate taxes	199	398
Cleaning	105	208
Utilities	90	200
Management fees	90	177
Total expenses	708	1,502
Revenues over certain operating expenses	$ 2,127	$ 3,384

See accompanying notes.

Table of Contents

Lockheed Martin Rockville Buildings

Notes to Statements of Revenues Over Certain Operating Expenses

For the year ended December 31, 2002

and the six months ended June 30, 2003 (unaudited)

1. Description of Real Estate Property Acquired

On July 30, 2003, Wells Operating Partnership, L.P. (Wells OP) acquired all of the membership interest in Meridian/Northwestern Shady Grove North, LLC, a Delaware limited liability company, which owns the Lockheed Martin Rockville Buildings, two four-story office buildings containing approximately 230,000 square feet located in Rockville, Maryland, from Meridian/Northwestern Shady Grove Holdings, LLC (Holdings). Total consideration for the acquisition was approximately $51.6 million. Wells OP is a Delaware limited partnership formed to acquire, own, lease, operate, and manage real properties on behalf of Wells Real Estate Investment Trust, Inc., a Maryland corporation. As the sole general partner of Wells OP, Wells Real Estate Investment Trust, Inc. possesses full legal control and authority over the operations of Wells OP.

2. Basis of Accounting

The accompanying statements of revenues over certain operating expenses are presented in conformity with accounting principles generally accepted in the United States and in accordance with the applicable rules and regulations of the Securities and Exchange Commission for real estate properties acquired. Accordingly, the statements exclude certain historical expenses that are not comparable to the proposed future operations of the property such as certain ancillary income, amortization, depreciation, interest and corporate expenses. Therefore, the statements will not be comparable to the statements of operations of the Lockheed Martin Rockville Buildings after their acquisition by Wells OP.

3. Significant Accounting Policies

Rental Revenues

Rental revenue is recognized on a straight-line basis over the terms of the related leases. The excess of recognized rental income over amounts due pursuant to lease terms is recorded as straight-line rent receivable. The impact of the straight-line rent adjustment increased revenue by approximately $0 for the year ended December 31, 2002 and $375,000 for the six months ended June 30, 2003.

Use of Estimates

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

Table of Contents

Lockheed Martin Rockville Buildings

Notes to Statements of Revenues Over Certain Operating Expenses (continued)

For the year ended December 31, 2002

and the six months ended June 30, 2003 (unaudited)

4. Description of Leasing Arrangements

The Lockheed Martin Rockville Buildings are 100% leased to Lockheed Martin Corporation (Lockheed) under leases (Lockheed Leases) that commenced in February 1999 and expire in January 2009. The Lockheed Leases were amended in March 2003 to extend the lease expiration dates to January 2009 and increase base rents. Under the Lockheed Leases, Lockheed is required to pay, as additional rent, any increases in operating expenses, excluding electricity, and real estate taxes over a base year amount. Lockheed will be billed directly by Wells OP for annual electrical costs. Holdings interests in all lease agreements were assigned to Wells OP upon its acquisition of the Lockheed Martin Rockville Buildings.

5. Future Minimum Rental Commitments

Future minimum rental commitments for the years ended December 31 are as follows (in thousands):

2003	$ 4,727
2004	5,573
2005	5,831
2006	6,036
2007	6,246
Thereafter	7,004
	$ 35,417

6. Interim Unaudited Financial Information

The statement of revenues over certain operating expenses for the six months ended June 30, 2003 is unaudited, however, in the opinion of management, all adjustments (consisting solely of normal, recurring adjustments) necessary for the fair presentation of the financial statement for the interim period have been included. The results of the interim period are not necessarily indicative of the results to be obtained for a full fiscal year.

Table of Contents

Report of Independent Auditors

Shareholders and Board of Directors

Wells Real Estate Investment Trust, Inc.

We have audited the accompanying statement of revenues over certain operating expenses of the Aon Center Chicago Building for the year ended December 31, 2002. This statement is the responsibility of the Aon Center Chicago Building s management. Our responsibility is to express an opinion on this statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of 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 presentation of the statement of revenues over certain operating expenses. We believe that our audit provides a reasonable basis for our opinion.

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, as described in Note 2, and is not intended to be a complete presentation of the Aon Center Chicago Building s revenues and expenses.

In our opinion, the statement of revenues over certain operating expenses referred to above presents fairly, in all material respects, the revenues and certain operating expenses described in Note 2 of the Aon Center Chicago Building for the year ended December 31, 2002 in conformity with accounting principles generally accepted in the United States.

/s/ ERNST & YOUNG LLP

Atlanta, Georgia

May 9, 2003

Table of Contents

Aon Center Chicago Building

Statements of Revenues Over Certain Operating Expenses

For the year ended December 31, 2002

and the three months ended March 31, 2003 (unaudited)

(in thousands)

	2003	2002
	(unaudited)	
Revenues:		
Base rent	$ 9,478	$ 37,923
Tenant reimbursements	8,411	37,119
Parking revenues	436	1,679
Other revenues	526	1,332
Total revenues	18,851	78,053
Expenses:		
Real estate taxes	5,128	21,501
Other operating expenses	837	4,749
Cleaning	1,103	4,629
Security	682	4,143
Utilities	1,279	4,025
Administrative	635	2,965
HVAC	385	2,224
Total expenses	10,049	44,236
Revenues over certain operating expenses	$ 8,802	$ 33,817

See accompanying notes.

Table of Contents

Aon Center Chicago Building

Notes to Statements of Revenues Over Certain Operating Expenses

For the year ended December 31, 2002

and the three months ended March 31, 2003 (unaudited)

1. Description of Real Estate Property Acquired

On May 9, 2003, Wells REIT-Chicago Center, Chicago LLC (the Company) acquired the Aon Center Chicago Building, an approximately 2.6 million square foot Class A office tower located in Chicago, Illinois, from BRE/Randolph Drive, LLC (Randolph Drive). Total consideration for the acquisition was approximately $465.2 million. The Company, a Georgia limited liability company, was created on April 30, 2003. Wells Operating Partnership, L.P. (Wells OP) is the sole member of the Company. Wells OP is a Delaware limited partnership formed to acquire, own, lease, operate, and manage real properties on behalf of Wells Real Estate Investment Trust, Inc., a Maryland corporation. As the sole general partner of Wells OP, Wells Real Estate Investment Trust, Inc. possesses full legal control and authority over the operations of Wells OP.

2. Basis of Accounting

The accompanying statements of revenues over certain operating expenses is presented in conformity with accounting principles generally accepted in the United States and in accordance with the applicable rules and regulations of the Securities and Exchange Commission for real estate properties acquired. Accordingly, the statements exclude certain historical expenses that are not comparable to the proposed future operations of the property such as certain ancillary income, amortization, depreciation, interest and corporate expenses. Therefore, the statements will not be comparable to the statements of operations of the Aon Center Chicago Building after its acquisition by the Company.

3. Significant Accounting Policies

Rental Revenues

Rental revenue is recognized on a straight-line basis over the terms of the related leases. The excess of recognized rentals over amounts due pursuant to lease terms is recorded as straight-line rent receivable. The impact of the straight-line rent adjustment increased revenue by approximately $1.7 million for the year ended December 31, 2002 and $195,000 for the three months ended March 31, 2003.

Use of Estimates

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

Table of Contents

Aon Center Chicago Building

Notes to Statements of Revenues Over Certain Operating Expenses

For the year ended December 31, 2002

and the three months ended March 31, 2003 (unaudited)

4. Description of Leasing Arrangements

The office and retail space is leased to tenants under leases with terms that vary in length. Certain leases contain reimbursement clauses and renewal options. Randolph Drive s interests in all lease agreements were assigned to the Company upon its acquisition of the Aon Center Chicago Building.

5. Future Minimum Rental Commitments

Future minimum rental commitments for the years ended December 31 are as follows (in thousands):

2003	$ 36,822
2004	39,539
2005	36,693
2006	32,778
2007	32,652
Thereafter	185,071
	$ 363,555

Two tenants, Amoco Corporation and Kirkland & Ellis, contributed approximately 46% and 11%, respectively, of rental income for the year ended December 31, 2002. At December 31, 2002, three tenants, Amoco Corporation, DDB Needham and Kirkland & Ellis, will contribute approximately 54%, 12% and 11%, respectively, of the future minimum rental income of those leases in place as of that date.

6. Interim Unaudited Financial Information

The financial statement for the three months ended March 31, 2003 is unaudited, however, in the opinion of management, all adjustments (consisting solely of normal, recurring adjustments) necessary for the fair presentation of the financial statement for the interim period have been included. The results of the interim period are not necessarily indicative of the results to be obtained for a full fiscal year.

Table of Contents

Report of Independent Auditors

Shareholders and Board of Directors

Wells Real Estate Investment Trust, Inc.

We have audited the accompanying statement of revenues over certain operating expenses of the US Bancorp Minneapolis Building for the year ended December 31, 2002. This statement is the responsibility of the US Bancorp Minneapolis Building s management. Our responsibility is to express an opinion on this statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of 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 presentation of the statement of revenues over certain operating expenses. We believe that our audit provides a reasonable basis for our opinion.

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, as described in Note 2, and is not intended to be a complete presentation of the US Bancorp Minneapolis Building s revenues and expenses.

In our opinion, the statement of revenues over certain operating expenses referred to above presents fairly, in all material respects, the revenues and certain operating expenses described in Note 2 of the US Bancorp Minneapolis Building for the year ended December 31, 2002 in conformity with accounting principles generally accepted in the United States.

/s/ ERNST & YOUNG LLP

Atlanta, Georgia

May 5, 2003

Table of Contents

US Bancorp Minneapolis Building

Statement of Revenues Over Certain Operating Expenses

For the year ended December 31, 2002

(in thousands)

Revenues:	
Base rent	$ 12,495
Tenant reimbursements	9,699
Parking revenues	980
Total revenues	23,174
Expenses:	
Real estate taxes	5,839
Other operating expenses	2,022
Utilities	1,476
Cleaning	971
Management fee	690
Administrative	646
Total expenses	11,644
Revenues over certain operating expenses	$ 11,530

See accompanying notes.

153

Table of Contents

US Bancorp Minneapolis Building

Notes to Statement of Revenues Over Certain Operating Expenses

For the year ended December 31, 2002

1. Description of Real Estate Property Acquired

On May 1, 2003, Wells Operating Partnership, L.P. (Wells OP) acquired the US Bancorp Minneapolis Building, a 929,694 square foot Class A office tower located in Minneapolis, Minnesota, from MN-Nicollet Mall, LLC (Nicollet Mall). Total consideration for the acquisition was approximately $174 million, excluding acquisition costs. Wells OP is a Delaware limited partnership formed to acquire, own, lease, operate, and manage real properties on behalf of Wells Real Estate Investment Trust, Inc., a Maryland corporation. As the sole general partner of Wells OP, Wells Real Estate Investment Trust, Inc. possesses full legal control and authority over the operations of Wells OP.

2. Basis of Accounting

The accompanying statement of revenues over certain operating expenses is presented in conformity with accounting principles generally accepted in the United States and in accordance with the applicable rules and regulations of the Securities and Exchange Commission for real estate properties acquired. Accordingly, the statement excludes certain historical expenses that are not comparable to the proposed future operations of the property such as certain ancillary income, amortization, depreciation, interest and corporate expenses. Therefore, this statement is not comparable to the statement of operations of the US Bancorp Minneapolis Building after its acquisition by Wells OP.

3. Significant Accounting Policies

Rental Revenues

Rental revenue is recognized on a straight-line basis over the terms of the related leases. The excess of recognized rentals over amounts due pursuant to lease terms is recorded as straight-line rent receivable. The impact of the straight-line rent adjustment increased revenue by approximately $1.6 million for the year ended December 31, 2002.

Use of Estimates

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

Table of Contents

US Bancorp Minneapolis Building

Notes to Statement of Revenues Over Certain Operating Expenses

For the year ended December 31, 2002

4. Description of Leasing Arrangements

The office and retail space is leased to tenants under leases with terms that vary in length. Certain leases contain reimbursement clauses and renewal options. Nicollet Mall s interests in all lease agreements were assigned to Wells OP upon its acquisition of the US Bancorp Minneapolis Building.

5. Future Minimum Rental Commitments

Future minimum rental commitments for the years ended December 31 are as follows (in thousands):

2003	$ 14,589
2004	14,645
2005	14,603
2006	13,890
2007	13,161
Thereafter	85,650
	$ 156,538

One tenant, US Bancorp Piper Jaffray Companies, Inc., contributed approximately 73% of rental income for the year ended December 31, 2002. Subsequent to December 31, 2002, this tenant will contribute approximately 86% of the future minimum rental income of those leases in place as of that date.

155

Table of Contents

Report of Independent Auditors

Shareholders and Board of Directors

Wells Real Estate Investment Trust, Inc.

We have audited the accompanying statement of revenues over certain operating expenses of the Nestle Building for the year ended December 31, 2001. This statement is the responsibility of the Nestle Building s management. Our responsibility is to express an opinion on this statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of 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 presentation of the statement of revenues over certain operating expenses. We believe that our audit provides a reasonable basis for our opinion.

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, as described in Note 2, and is not intended to be a complete presentation of the Nestle Building s revenues and expenses.

In our opinion, the statement of revenues over certain operating expenses referred to above presents fairly, in all material respects, the revenues and certain operating expenses described in Note 2 of the Nestle Building for the year ended December 31, 2001 in conformity with accounting principles generally accepted in the United States.

/s/ Ernst & Young LLP

Atlanta, Georgia

January 21, 2003

Table of Contents

Nestle Building

Statements of Revenues Over Certain Operating Expenses

For the year ended December 31, 2001 and the nine months ended September 30, 2002

	2002	2001
	(Unaudited)	
Revenues:		
Base rent	$ 10,995,810	$ 14,660,259
Parking	617,318	848,917
Tenant reimbursements	698,210	853,872
Total revenues	12,311,338	16,363,048
Operating expenses	3,914,726	4,968,193
Revenues over certain operating expenses	$ 8,396,612	$ 11,394,855

See accompanying notes.

157

Table of Contents

Nestle Building

Notes to Statements of Revenues Over Certain Operating Expenses

For the year ended December 31, 2001 and the nine months ended September 30, 2002

1. Organization and Significant Accounting Policies

Description of Real Estate Property Acquired

On December 20, 2002, Wells REIT-Glendale, CA, LLC (the Company) acquired the Nestle Building from Douglas Emmett Joint Venture (Douglas Emmett). The Company, a Georgia limited liability company, was created on December 20, 2002. Wells Operating Partnership, L.P. (Wells OP) is the sole member of the Company. Wells OP is a Delaware limited partnership formed to acquire, own, lease, operate, and manage real properties on behalf of Wells Real Estate Investment Trust, Inc., a Maryland corporation. As the sole general partner of Wells OP, Wells Real Estate Investment Trust, Inc. possesses full legal control and authority over the operations of Wells OP.

The twenty-story building contains 505,115 square feet of net rentable area and is 100% leased to several tenants, including Nestle USA, Inc. (Nestle). Nestle occupies a total of 502,994 square feet, or 99.6%, under a lease (Nestle Lease) that commenced in August 1990 and expires in August 2010. The remaining square footage is leased to several retail tenants under lease agreements that expire over the next seven years. Douglas Emmett s interests in the Nestle Lease and other retail lease agreements were assigned to the Company upon acquisition of the Nestle Building. Under the Nestle Lease, the tenant is required to pay, as additional rent, its pro rata share of operating expenses over the base year operating allowance established in the first lease year. Operating expenses shall consist of all direct costs of operation and maintenance of the building including, but not limited to, real estate taxes, water and sewer charges, utilities, janitorial services, security and labor. Additionally, the Nestle Lease entitles Nestle to a specified number of parking spaces, and Nestle is required to pay monthly rental payments for the spaces which the Company records as parking revenues. The Company will be responsible for maintaining and repairing the Nestle Building s roof, foundation, common areas, electrical and mechanical systems.

Rental Revenues

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

2. Basis of Accounting

The accompanying statements of revenues over certain operating expenses are presented in conformity with accounting principles generally accepted in the United States and in accordance with the applicable rules and regulations of the Securities and Exchange Commission for real estate properties acquired. Accordingly, these statements exclude certain historical expenses that are not comparable to the proposed future operations of the property such as depreciation and interest. Therefore, these statements are not comparable to the statement of operations of the Nestle Building after its acquisition by the Company.

Table of Contents

Nestle Building

Notes to Statements of Revenues Over Certain Operating Expenses

(Continued)

3. Future Minimum Rental Commitments

Future minimum rental commitments for the years ended December 31 are as follows:

2002	$ 14,939,680
2003	14,950,502
2004	14,963,154
2005	15,508,547
2006	16,591,633
Thereafter	60,926,465
	$ 137,879,981

4. Interim Unaudited Financial Information

The statement of revenues over certain operating expenses for the nine months ended September 30, 2002 is unaudited, however, in the opinion of management, all adjustments (consisting solely of normal, recurring adjustments) necessary for the fair presentation of the statement for the interim period have been included. The results of the interim period are not necessarily indicative of the results to be obtained for a full fiscal year.

Table of Contents

Report of Independent Auditors

Shareholders and Board of Directors

Wells Real Estate Investment Trust, Inc.

We have audited the accompanying statement of revenues over certain operating expenses of the Caterpillar Nashville Building for the year ended December 31, 2001. This statement is the responsibility of the Caterpillar Nashville Building s management. Our responsibility is to express an opinion on this statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of 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 presentation of the statement of revenues over certain operating expenses. We believe that our audit provides a reasonable basis for our opinion.

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, as described in Note 2, and is not intended to be a complete presentation of the Caterpillar Nashville Building s revenues and expenses.

In our opinion, the statement of revenues over certain operating expenses referred to above presents fairly, in all material respects, the revenues and certain operating expenses described in Note 2 of the Caterpillar Nashville Building for the year ended December 31, 2001 in conformity with accounting principles generally accepted in the United States.

/s/ Ernst & Young LLP

Atlanta, Georgia

November 26, 2002

Table of Contents

Caterpillar Nashville Building

Statements of Revenues Over Certain Operating Expenses

For the year ended December 31, 2001 and the nine months ended September 30, 2002

	2002	2001
	(Unaudited)	
Revenues:		
Base rent	$ 5,922,277	$ 7,896,370
Tenant reimbursements	357,722	379,662
Total revenues	6,279,999	8,276,032
Operating expenses	1,910,316	2,565,309
Revenues over certain operating expenses	$ 4,369,683	$ 5,710,723

See accompanying notes.

Table of Contents

Caterpillar Nashville Building

Notes to Statements of Revenues Over Certain Operating Expenses

For the year ended December 31, 2001 and the nine months ended September 30, 2002

1. Organization and Significant Accounting Policies

Description of Real Estate Property Acquired

On November 26, 2002, the Wells Operating Partnership, L.P. (Wells OP) acquired the Caterpillar Nashville Building from Highwoods/Tennessee Holdings, LP. (Highwoods/Tennessee). Wells OP is a Delaware limited partnership formed to acquire, own, lease, operate, and manage real properties on behalf of Wells Real Estate Investment Trust, Inc., a Maryland corporation. As the sole general partner of Wells OP, Wells Real Estate Investment Trust, Inc. possesses full legal control and authority over the operations of Wells OP.

The 312,297 square foot 11-story Caterpillar Nashville Building is 100% leased to three tenants, Caterpillar Financial Services Corporation (Caterpillar), Thoughtworks, LLC (Thoughtworks) and Highwoods Properties, Inc. (Highwoods). Caterpillar currently occupies 300,901 square feet under a gross lease (Caterpillar Lease) that commenced in March 2000 and expires in February 2015. Thoughtworks currently occupies 6,400 square feet under a gross lease (Thoughtworks Lease) that commenced in May 2000 and expires in May 2005. Highwoods currently occupies 4,996 square feet under a gross lease (Highwoods Lease) that commenced in October 2000 and expires in September 2005. Highwoods/Tennessee s interests in the Caterpillar Lease, Thoughtworks Lease and Highwoods Lease were assigned to Wells OP upon acquisition of the Caterpillar Nashville Building.

Under the Caterpillar Lease, the Thoughtworks Lease and the Highwoods Lease, the tenants are required to pay, as additional rent, all operating costs in excess of a $6.50 per square foot expense stop. Under the Caterpillar Lease, Caterpillar s responsibility for increases in expenses other than insurance, taxes and utilities is capped at 4.5% annually. Furthermore, Caterpillar will reimburse the landlord a management fee equal to 4% of gross rental receipts. Wells OP will be responsible for the maintenance and repair of the structural elements of the building and the capital repairs and replacement of the roof.

Rental Revenues

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

2. Basis of Accounting

The accompanying statements of revenues over certain operating expenses are presented in conformity with accounting principles generally accepted in the United States and in accordance with the applicable rules and regulations of the Securities and Exchange Commission for real estate properties acquired. Accordingly, these statements exclude certain historical expenses that are not comparable to the proposed future operations of the property such as depreciation and interest. Therefore, these statements are not comparable to the statement of operations of the Caterpillar Nashville Building after its acquisition by Wells OP.

Table of Contents

Caterpillar Nashville Building

Notes to Statements of Revenues Over Certain Operating Expenses

(continued)

3. Future Minimum Rental Commitments

Future minimum rental commitments for the years ended December 31 are as follows:

2002	$ 7,673,511
2003	7,680,935
2004	7,688,516
2005	7,808,282
2006	7,685,012
Thereafter	64,265,433
	$ 102,801,689

4. Interim Unaudited Financial Information

The statement of revenues over certain operating expenses for the nine months ended September 30, 2002 is unaudited, however, in the opinion of management, all adjustments (consisting solely of normal, recurring adjustments) necessary for the fair presentation of the statement for the interim period have been included. The results of the interim period are not necessarily indicative of the results to be obtained for a full fiscal year.

Table of Contents

Report of Independent Auditors

Shareholders and Board of Directors

Wells Real Estate Investment Trust, Inc.

We have audited the accompanying statement of revenues over certain operating expenses of the NASA Buildings for the year ended December 31, 2001. This statement is the responsibility of the NASA Buildings management. Our responsibility is to express an opinion on this statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of 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 presentation of the statement of revenues over certain operating expenses. We believe that our audit provides a reasonable basis for our opinion.

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, as described in Note 2, and is not intended to be a complete presentation of the NASA Buildings revenues and expenses.

In our opinion, the statement of revenues over certain operating expenses referred to above presents fairly, in all material respects, the revenues and certain operating expenses described in Note 2 of the NASA Buildings for the year ended December 31, 2001 in conformity with accounting principles generally accepted in the United States.

/s/ Ernst & Young LLP

Atlanta, Georgia

November 26, 2002

Table of Contents

NASA Buildings

Statements of Revenues Over Certain Operating Expenses

For the year ended December 31, 2001 and the nine months ended September 30, 2002

	2002	2001
	(Unaudited)	
Revenues:		
Base rent	$ 25,179,213	$ 33,637,808
Tenant reimbursements	1,703,365	2,586,032
Total revenues	26,882,578	36,223,840
Operating expenses	7,761,014	10,200,082
Revenues over certain operating expenses	$ 19,121,564	$ 26,023,758

See accompanying notes.

165

Table of Contents

NASA Buildings

Notes to Statements of Revenues Over Certain Operating Expenses

For the year ended December 31, 2001 and the nine months ended September 30, 2002

1. Organization and Significant Accounting Policies

Description of Real Estate Property Acquired

On November 22, 2002, Wells REIT-Independence Square, LLC (the Company) acquired the NASA Buildings from Southwest Market Limited Partnership (Southwest Market). The Company, a Georgia limited liability company, was created on November 22, 2002 by Wells Real Estate Investment Trust, Inc., a Maryland corporation, the sole member of the Company.

The two nine-story buildings contain 948,813 square feet of net rentable area and are leased to six tenants, including the National Aeronautics and Space Administration (NASA) and The Office of the Comptroller of the Currency (OCC), which occupy a total of 932,209 square feet. The remaining square footage is leased to several retail tenants under lease agreements that expire over the next eight years. NASA occupies 590,689 square feet under a gross lease (NASA Lease) that commenced in July 1992 and expires in July 2012. OCC occupies 341,520 square feet under a lease (OCC Lease) that commenced in May 1991 and expires in May 2006. Southwest Market s interests in the NASA Lease, the OCC Lease and other retail lease agreements were assigned to the Company upon the acquisition of the NASA Buildings.

Under the NASA Lease, the tenant is required to pay, as adjusted rent, its share of increases in real estate taxes and changes in costs from the first lease year for cleaning services, supplies, materials, maintenance, trash removal, landscaping, sewer charges and certain administrative expenses attributable to occupancy. The amount of the adjustment will be computed using the Cost of Living Index. Under the OCC Lease, the tenant is required to pay, as additional rent, its share of increases in real estate taxes and changes in costs from the first lease year for, including but not limited to, cleaning services, electricity, heating, water, air conditioning and landscaping. The Company will be responsible for maintaining and repairing the NASA Buildings roof, foundations, common areas, electrical systems and mechanical systems.

Rental Revenues

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

2. Basis of Accounting

The accompanying statements of revenues over certain operating expenses are presented in conformity with accounting principles generally accepted in the United States and in accordance with the applicable rules and regulations of the Securities and Exchange Commission for real estate properties acquired. Accordingly, these statements exclude certain historical expenses that are not comparable to the proposed future operations of the property such as depreciation and interest. Therefore, these statements are not comparable to the statement of operations of the NASA Buildings after their acquisition by the Company.

Table of Contents

NASA Buildings

Notes to Statements of Revenues Over Certain Operating Expenses

(continued)

3. Future Minimum Rental Commitments

Future minimum rental commitments for the years ended December 31 are as follows:

2002	$ 32,856,309
2003	32,875,773
2004	32,987,740
2005	33,104,624
2006	26,008,009
Thereafter	117,928,136
	$ 275,760,591

4. Interim Unaudited Financial Information

The statement of revenues over certain operating expenses for the nine months ended September 30, 2002 is unaudited, however, in the opinion of management, all adjustments (consisting solely of normal, recurring adjustments) necessary for the fair presentation of the statement for the interim period have been included. The results of the interim period are not necessarily indicative of the results to be obtained for a full fiscal year.

Table of Contents

Report of Independent Auditors

Board of Directors and Stockholders

Wells Real Estate Investment Trust, Inc.

We have audited the accompanying statement of revenues over certain operating expenses of the KeyBank Parsippany Building (the Building) for the year ended December 31, 2001. This statement is the responsibility of the Building s management. Our responsibility is to express an opinion on this statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of 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 presentation of the statement of revenues over certain operating expenses. We believe that our audit provides a reasonable basis for our opinion.

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, as described in Note 2, and is not intended to be a complete presentation of the Building s revenues and expenses.

In our opinion, the statement of revenues over certain operating expenses referred to above presents fairly, in all material respects, the revenues and certain operating expenses described in Note 2 of the KeyBank Parsippany Building for the year ended December 31, 2001, in conformity with accounting principles generally accepted in the United States.

/s/ Ernst & Young LLP

New York, New York

January 31, 2002

Table of Contents

KeyBank Parsippany

Statements of Revenues Over Certain Operating Expenses

For the year ended December 31, 2001 and the six months ended

June 30, 2002 (Unaudited)

(Amounts in thousands)

	Six Months Ended June 30, 2002 (Unaudited)	Year Ended December 31, 2001
Revenues:		
Base rent	**$ 5,089**	$ 9,421
Tenant reimbursements	**1,117**	1,833
Total revenues	**6,206**	11,254
Operating expenses	**1,522**	3,159
Revenues over certain operating expenses	**$ 4,684**	$ 8,095

See accompanying notes.

169

Table of Contents

KeyBank Parsippany

Notes to Statements of Revenues Over Certain Operating Expenses

For the year ended December 31, 2001 and the six months ended

June 30, 2002 (Unaudited)

(Amounts in thousands)

1. Organization and Significant Accounting Policies

Description of Real Estate Property Acquired

On September 27, 2002, the Wells Operating Partnership acquired the KeyBank Parsippany Building (the Building), a 404,515 square foot office building in Parsippany, New Jersey, from Two Gatehall Acquisition, L.L.C. and Asset Preservation, Inc. (collectively the Seller).

At December 31, 2001, the Building was 100% leased to two tenants, Exodus Communications, Inc. (Exodus) and KeyBank USA National Association, under operating leases that were both executed in 2000. Both operating leases expire over the next 15 years.

Exodus filed bankruptcy in 2001. On January 17, 2002, the Exodus lease was assigned to Gemini Technology Services, Inc., an affiliate of Deutsche Bank, AG. Deutsche Bank, AG assumed all of the obligations of Exodus under the lease.

The lease agreements provide for certain reimbursements of real estate taxes, insurance and certain common area maintenance costs.

Revenue Recognition

Rental revenue is recognized on a straight-line basis over the initial term of the lease. The excess of rents so recognized over amounts contractually due pursuant to the underlying leases for the six months ended June 30, 2002 and the year ended December 31, 2001 was $326 (unaudited) and $3,279, respectively. Such amounts are included in rental and reimbursement revenues in the accompanying financial statements.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

2. Basis of Accounting

The accompanying statements of revenues over certain operating expenses are presented in conformity with accounting principles generally accepted in the United States and in accordance with the applicable rules and regulations of the Securities and Exchange Commission for real estate properties acquired. Accordingly, these statements exclude certain historical expenses that are not comparable to the proposed future operations of the Building such as depreciation and interest.

Table of Contents

KeyBank Parsippany

Notes to Statements of Revenues Over Certain Operating Expenses

For the year ended December 31, 2001 and the six months ended

June 30, 2002 (Unaudited)

(continued)

3. Lease Agreements

The minimum rental receipts due on the noncancelable operating leases as of December 31, 2001 are as follows:

2002	$ 9,526
2003	9,526
2004	9,526
2005	9,526
2006	10,464
Thereafter	88,139
	$ 136,707

Reimbursement revenue was $1,117 (unaudited) and $1,833 for the six months ended June 30, 2002 and the year ended December 31, 2001, respectively.

4. Related Party Transactions

Pursuant to a management agreement, an affiliate of the Seller has responsibilities of property management and leasing of the Building.

5. Interim Unaudited Financial Information

The financial statement for the six months ended June 30, 2002 is unaudited, however, in the opinion of management, all adjustments (consisting solely of normal, recurring adjustments) necessary for the fair presentation of the financial statement for the interim period have been included. The results of the interim period are not necessarily indicative of the results to be obtained for a full fiscal year.

171

Table of Contents

Report of Independent Auditors

Shareholders and Board of Directors

Wells Real Estate Investment Trust, Inc.

We have audited the accompanying statement of revenues over certain operating expenses of the IRS Long Island Buildings (the Buildings) for the year ended December 31, 2001. This statement is the responsibility of the Buildings management. Our responsibility is to express an opinion on this statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of 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 presentation of the statement of revenues over certain operating expenses. We believe that our audit provides a reasonable basis for our opinion.

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, as described in Note 2, and is not intended to be a complete presentation of the Buildings revenues and expenses.

In our opinion, the statement of revenues over certain operating expenses referred to above presents fairly, in all material respects, the revenues and certain operating expenses described in Note 2 of the IRS Long Island Buildings for the year ended December 31, 2001 in conformity with accounting principles generally accepted in the United States.

/s/ ERNST & YOUNG LLP

Atlanta, Georgia

September 26, 2002

Table of Contents

IRS Long Island Buildings

Statements of Revenues Over Certain Operating Expenses

Year ended December 31, 2001 and the six months ended June 30, 2002 (unaudited)

	2002	2001
	(Unaudited)	
Rental revenues	$ 3,106,658	$ 4,665,840
Operating expenses, net of reimbursements	641,803	745,258
Revenues over certain operating expenses	$ 2,464,855	$ 3,920,582

See accompanying notes.

173

Table of Contents

IRS Long Island Buildings

Notes to Statements of Revenues Over Certain Operating Expenses

Year ended December 31, 2001 and the six months ended June 30, 2002 (unaudited)

1. Organization and Significant Accounting Policies

Description of Real Estate Property Acquired

On September 13, 2002, Wells REIT Holtsville, NY, LLC (the Company) acquired the IRS Long Island Buildings (the Buildings) from HIRS Associates, LLC (HIRS). The Company, a Georgia limited liability company, was created on September 10, 2002 by the Wells Operating Partnership, L.P. (Wells OP) as the sole member of the Company. Wells OP is a Delaware limited partnership formed to acquire, own, lease, operate, and manage real properties on behalf of Wells Real Estate Investment Trust, Inc., a Maryland corporation. As the sole general partner of Wells OP, Wells Real Estate Investment Trust, Inc. possesses full legal control and authority over the operations of Wells OP.

The United States of America, through the U.S. General Services Administration (GSA), currently leases 191,049 of the total 259,700 rentable square feet on behalf of the Internal Revenue Service under three leases (the IRS Collection Lease , the IRS Compliance Lease and the IRS Daycare Facility Lease , collectively, the IRS Leases). The GSA is a centralized federal procurement and property management agency created by Congress to improve government efficiency and effectiveness. GSA acquires on the government s behalf, the office space, equipment, telecommunications, information technology, supplies and services they need to achieve their agency s mission of services to the public. HIRS s interests in the GSA Leases were assigned to Wells OP upon acquisition of the Buildings. The IRS Collection Lease commenced in August 2000 and expires in August 2005. The IRS Compliance Lease commenced in December 2001 and expires in December 2011. The IRS Daycare Facility Lease commenced in October 1999 and expires in September 2004. Under the IRS Leases, beginning in the second lease year and each year after, the tenant will pay, as adjusted rent, changes in costs from the first lease year for cleaning services, supplies, materials, maintenance, trash removal, landscaping, sewer charges and certain administrative expenses attributable to occupancy. The amount of the adjustment will be computed using the Cost of Living Index. Wells OP will be responsible for maintaining and repairing the Buildings roof, structural elements and mechanical systems.

If the Company secures an additional lease with the IRS or another suitable tenant for the remaining 68,651 square feet of vacant space in the Buildings within 18 months, the Company would owe an additional amount of up to $14,500,000 as additional purchase price for the Buildings pursuant to the terms of an earnout agreement entered into between the Company and HIRS at closing.

Rental Revenues

Rental income is recognized on a straight-line basis over the term of the lease.

2. Basis of Accounting

The accompanying statements of revenues over certain operating expenses are presented in conformity with accounting principles generally accepted in the United States and in accordance with the applicable rules and regulations of the Securities and Exchange Commission for real estate properties acquired. Accordingly, these statements exclude certain historical expenses that are not comparable to the proposed future operations of the property such as depreciation, interest, and management fees. Therefore, these statements are not comparable to the statement of operations of the Buildings after its acquisition by Wells OP.

Table of Contents

IRS Long Island Buildings

Notes to Statements of Revenues Over Certain Operating Expenses

Year ended December 31, 2001 and the six months ended June 30, 2002 (unaudited)

(Continued)

3. Future Minimum Rental Commitments

Future minimum rental commitments for the years ended December 31 are as follows:

2002	$ 6,761,367
2003	6,256,896
2004	4,843,722
2005	3,305,530
2006	1,663,200
Thereafter	8,316,000
	$ 31,146,715

4. Interim Unaudited Financial Information

The financial statement for the six months ended June 30, 2002 is unaudited, however, in the opinion of management, all adjustments (consisting solely of normal, recurring adjustments) necessary for the fair presentation of the financial statement for the interim period have been included. The results of the interim period are not necessarily indicative of the results to be obtained for a full fiscal year.

Table of Contents

Report of Independent Auditors

Shareholders and Board of Directors

Wells Real Estate Investment Trust, Inc.

We have audited the accompanying statement of revenues over certain operating expenses of the Harcourt Austin Building (the Building) for the year ended December 31, 2001. This statement is the responsibility of the Building s management. Our responsibility is to express an opinion on this statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of 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 presentation of the statement of revenues over certain operating expenses. We believe that our audit provides a reasonable basis for our opinion.

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, as described in Note 2, and is not intended to be a complete presentation of the Building s revenues and expenses.

In our opinion, the statement of revenues over certain operating expenses referred to above presents fairly, in all material respects, the revenues and certain operating expenses described in Note 2 of the Harcourt Austin Building for the year ended December 31, 2001 in conformity with accounting principles generally accepted in the United States.

/s/ ERNST & YOUNG LLP

Atlanta, Georgia

October 21, 2002

Table of Contents

Harcourt Austin Building

Statements of Revenues Over Certain Operating Expenses

For the year ended December 31, 2001 and the six months ended June 30, 2002 (unaudited)

	2002	2001
	(Unaudited)	
Rental revenues	$ 1,770,085	$ 1,770,085
Operating expenses, net of reimbursements	64,780	67,131
Revenues over certain operating expenses	$ 1,705,305	$ 1,702,954

See accompanying notes.

177

Table of Contents

Harcourt Austin Building

Notes to Statements of Revenues Over Certain Operating Expenses

For the year ended December 31, 2001 and the six months ended June 30, 2002 (unaudited)

1. Organization and Significant Accounting Policies

Description of Real Estate Property Acquired

On August 15, 2002, the Wells Operating Partnership, L.P. (Wells OP) acquired the Harcourt Austin Building from Carr Development & Construction, LP (Carr). Wells OP is a Delaware limited partnership formed to acquire, own, lease, operate, and manage real properties on behalf of Wells Real Estate Investment Trust, Inc., a Maryland corporation. As the sole general partner of Wells OP, Wells Real Estate Investment Trust, Inc. possesses full legal control and authority over the operations of Wells OP.

Harcourt, Inc. (Harcourt) currently occupies the entire 195,230 rentable square feet of the seven-story office building under a lease agreement (the Harcourt Lease). Harcourt is a Delaware corporation owned equally by Reed Elsevier PLC and Reed Elsevier NV whose shares are traded on the New York Stock Exchange. Carr s interest in the Harcourt Lease was assigned to Wells OP upon acquisition of the building. The initial term of the Harcourt Lease commenced in July 2001 and expires in June 2016. Under the Harcourt Lease, Harcourt is required to pay, as additional rent, all operating costs, including but not limited to electricity, water, sewer, insurance, taxes and a management fee not to exceed 3.5% of rent. Furthermore, Harcourt will be required to reimburse the landlord for costs of capital improvements that are intended to reduce operating costs or improve safety and any replacement or capital repairs to the Building s HVAC systems. Wells OP will be responsible for maintaining and repairing the Building s roof, structural elements and mechanical systems.

Rental Revenues

Rental income is recognized on a straight-line basis over the term of the lease. The accompanying statements of revenues over certain operating expenses include rental revenues from the date of commencement of the Harcourt Lease in July 2001.

2. Basis of Accounting

The accompanying statements of revenues over certain operating expenses are presented in conformity with accounting principles generally accepted in the United States and in accordance with the applicable rules and regulations of the Securities and Exchange Commission for real estate properties acquired. Accordingly, these statements exclude certain historical expenses that are not comparable to the proposed future operations of the property such as depreciation and interest. Therefore, these statements are not comparable to the statement of operations of the

Harcourt Austin Building after its acquisition by Wells OP.

Harcourt Austin Building

Notes to Statements of Revenues Over Certain Operating Expenses

For the year ended December 31, 2001 and the six months ended June 30, 2002 (unaudited)

(Continued)

3. Future Minimum Rental Commitments

Future minimum rental commitments for the years ended December 31 are as follows:

2002	$ 3,104,157
2003	3,104,157
2004	3,104,157
2005	3,104,157
2006	3,314,029
Thereafter	35,819,824
	$ 51,550,481

4. Interim Unaudited Financial Information

The financial statement for the six months ended June 30, 2002 is unaudited, however, in the opinion of management, all adjustments (consisting solely of normal, recurring adjustments) necessary for the fair presentation of the financial statement for the interim period have been included. The results of the interim period are not necessarily indicative of the results to be obtained for a full fiscal year.

Table of Contents

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Items 31 through 35 and Item 37 of Part II are incorporated by reference to the Registrant s Registration Statement, as amended to date, Commission File No. 333-85848.

Item 36 Financial Statements and Exhibits.

(a) Financial Statements:

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

Audited Financial Statements

(1) Report of Independent Public Accountants,

(2) Consolidated Balance Sheets as of December 31, 2001 and December 31, 2000,

(3) Consolidated Statements of Income for the years ended December 31, 2001, 2000 and 1999,

(4) Consolidated Statements of Shareholders Equity for the years ended December 31, 2001, 2000 and 1999,

(5) Consolidated Statements of Cash Flows for the years ended December 31, 2001, 2000 and 1999,

(6) Notes to Consolidated Financial Statements, and

(7) Schedule III Real Estate Investments and Accumulated Depreciation as of December 31, 2001.

Unaudited Financial Statements

(1) Consolidated Balance Sheets as of March 31, 2002 and December 31, 2001,

(2) Consolidated Statements of Income for the three months ended March 31, 2002 and March 31, 2001,

(3) Consolidated Statements of Shareholders Equity for the year ended December 31, 2001 and for the three months ended March 31, 2002,

(4) Consolidated Statements of Cash Flows for the three months ended March 31, 2002 and March 31, 2001, and

(5) Condensed Notes to Consolidated Financial Statements for the three months ended March 31, 2002.

The following financial statements relating to the acquisition of the Harcourt Austin Building are filed as part of this Registration Statement and included in Supplement No. 16 to the Prospectus:

(1) Report of Independent Auditors,

(2) Statements of Revenues over Certain Operating Expenses for the year ended December 31, 2001 (audited) and the six months ended June 30, 2002 (unaudited), and

(3) Notes to Statements of Revenues over Certain Operating Expenses for the year ended December 31, 2001 (audited)

Table of Contents

and the six months ended June 30, 2002 (unaudited).

The following financial statements relating to the acquisition of the IRS Long Island Buildings are filed as part of this Registration Statement and included in Supplement No. 16 to the Prospectus:

(1) Report of Independent Auditors,

(2) Statements of Revenues over Certain Operating Expenses for the year ended December 31, 2001 (audited) and the six months ended June 30, 2002 (unaudited), and

(3) Notes to Statements of Revenues over Certain Operating Expenses for the year ended December 31, 2001 (audited) and the six months ended June 30, 2002 (unaudited).

The following financial statements relating to the acquisition of the KeyBank Parsippany Building are filed as part of this Registration Statement and included in Supplement No. 16 to the Prospectus:

(1) Report of Independent Auditors,

(2) Statements of Revenues over Certain Operating Expenses for the year ended December 31, 2001 (audited) and the six months ended June 30, 2002 (unaudited), and

(3) Notes to Statements of Revenues over Certain Operating Expenses for the year ended December 31, 2001 (audited) and the six months ended June 30, 2002 (unaudited).

The following financial statements relating to the acquisition of the NASA Buildings are filed as part of this Registration Statement and included in Supplement No. 16 to the Prospectus:

(1) Report of Independent Auditors,

(2) Statements of Revenues over Certain Operating Expenses for the year ended December 31, 2001 (audited) and the nine months ended September 30, 2002 (unaudited), and

(3) Notes to Statements of Revenues over Certain Operating Expenses for the year ended December 31, 2001 (audited) and the nine months ended September 30, 2002 (unaudited).

The following financial statements relating to the acquisition of the Caterpillar Nashville Building are filed as part of this Registration Statement and included in Supplement No. 16 to the Prospectus:

(1) Report of Independent Auditors,

(2) Statements of Revenues over Certain Operating Expenses for the year ended December 31, 2001 (audited) and the nine months ended September 30, 2002 (unaudited), and

(3) Notes to Statements of Revenues over Certain Operating Expenses for the year ended December 31, 2001 (audited) and the nine months ended September 30, 2002 (unaudited).

Table of Contents

The following financial statements relating to the acquisition of the Nestle Building are filed as part of this Registration Statement and included in Supplement No. 16 to the Prospectus:

(1) Report of Independent Auditors,

(2) Statements of Revenues over Certain Operating Expenses for the year ended December 31, 2001 (audited) and the nine months ended September 30, 2002 (unaudited), and

(3) Notes to Statements of Revenues over Certain Operating Expenses for the year ended December 31, 2001 (audited) and the nine months ended September 30, 2002 (unaudited).

The following financial statements relating to the acquisition of the US Bancorp Minneapolis Building are filed as part of this Registration Statement and included in Supplement No. 16 to the Prospectus:

(1) Report of Independent Auditors,

(2) Statement of Revenues over Certain Operating Expenses for the year ended December 31, 2002 (audited), and

(3) Notes to Statement of Revenues over Certain Operating Expenses for the year ended December 31, 2002 (audited).

The following financial statements relating to the acquisition of the Aon Center Chicago Building are filed as part of this Registration Statement and included in Supplement No. 16 to the Prospectus:

(1) Report of Independent Auditors,

(2) Statements of Revenues over Certain Operating Expenses for the year ended December 31, 2002 (audited) and the three months ended March 31, 2003 (unaudited), and

(3) Notes to Statements of Revenues over Certain Operating Expenses for the year ended December 31, 2002 (audited) and the three months ended March 31, 2003 (unaudited).

The following financial statements relating to the acquisition of the Lockheed Martin Rockville Buildings are filed as part of this Registration Statement and included in Supplement No. 16 to the Prospectus:

(1) Report of Independent Auditors,

(2) Statements of Revenues over Certain Operating Expenses for the year ended December 31, 2002 (audited) and for the six months ended June 30, 2003 (unaudited), and

(3) Notes to Statements of Revenues over Certain Operating Expenses for the year ended December 31, 2002 (audited) and for the six months ended June 30, 2003 (unaudited).

The following financial statements relating to the acquisition of the Cingular Atlanta Building are filed as part of this Registration Statement and included in Supplement No. 16 to the Prospectus:

(1) Report of Independent Auditors,

(2) Statements of Revenues over Certain Operating Expenses for the year ended December 31, 2002 (audited) and the six months ended June 30, 2003 (unaudited), and

Table of Contents

(3) Notes to Statements of Revenues over Certain Operating Expenses for the year ended December 31, 2002 (audited) and the six months ended June 30, 2003 (unaudited).

The following financial statements relating to the acquisition of the Aventis Northern NJ Building are filed as part of this Registration Statement and included in Supplement No. 16 to the Prospectus:

(1) Report of Independent Auditors,

(2) Statements of Revenues over Certain Operating Expenses for the year ended December 31, 2002 (audited) and the six months ended June 30, 2003 (unaudited), and

(3) Notes to Statements of Revenues over Certain Operating Expenses for the year ended December 31, 2002 (audited) and the six months ended June 30, 2003 (unaudited).

The following financial statements relating to the acquisition of the AIU Chicago Building are filed as part of this Registration Statement and included in Supplement No. 16 to the Prospectus:

(1) Report of Independent Auditors,

(2) Statements of Revenues over Certain Operating Expenses for the year ended December 31, 2002 (audited) and the six months ended June 30, 2003 (unaudited), and

(3) Notes to Statements of Revenues over Certain Operating Expenses for the year ended December 31, 2002 (audited) and the six months ended June 30, 2003 (unaudited).

The following financial statements relating to the acquisition of the Bank of America Orange County Building are filed as part of this Registration Statement and included in Supplement No. 16 to the Prospectus:

(1) Report of Independent Auditors,

(2) Statements of Revenues over Certain Operating Expenses for the year ended December 31, 2002 (audited) and the nine months ended September 30, 2003 (unaudited), and

(3) Notes to Statements of Revenues over Certain Operating Expenses for the year ended December 31, 2002 (audited) and the nine months ended September 30, 2003 (unaudited).

The following financial statements relating to the acquisition of the 1901 Market Street Philadelphia Building are filed as part of this Registration Statement and included in Supplement No. 16 to the Prospectus:

(1) Report of Independent Auditors,

(2) Statements of Revenues over Certain Operating Expenses for the year ended December 31, 2002 (audited) and the nine months ended September 30, 2003 (unaudited), and

(3) Notes to Statements of Revenues over Certain Operating Expenses for the year ended December 31, 2002 (audited) and the nine months ended September 30, 2003 (unaudited).

Table of Contents

The following financial statements relating to the acquisition of the 60 Broad Street New York Building are filed as part of this Registration Statement and included in Supplement No. 16 to the Prospectus:

(1) Report of Independent Auditors,

(2) Statements of Revenues over Certain Operating Expenses for the year ended December 31, 2002 (audited) and the nine months ended September 30, 2003 (unaudited), and

(3) Notes to Statements of Revenues over Certain Operating Expenses for the year ended December 31, 2002 (audited) and the nine months ended September 30, 2003 (unaudited).

The following financial statements of Registrant are filed as part of this Registration Statement and included in Supplement No. 16 to the Prospectus:

Audited Financial Statements

(1) Report of Independent Auditors, Ernst & Young LLP,

(2) Report of Independent Public Accountants, Arthur Andersen LLP,

(3) Consolidated Balance Sheets as of December 31, 2003 and 2002,

(4) Consolidated Statements of Income for the years ended December 31, 2003, 2002 and 2001,

(5) Consolidated Statements of Shareholders Equity for the years ended December 31, 2003, 2002 and 2001,

(6) Consolidated Statements of Cash Flows for the years ended December 31, 2003, 2002 and 2001,

(7) Notes to Consolidated Financial Statements, and

(8) Schedule III Real Estate Assets and Accumulated Depreciation as of December 31, 2003 and 2002.

(b) Exhibits (See Exhibit Index):

Exhibit No.	Description
1.1	Form of Dealer Manager Agreement (previously filed in and incorporated by reference to Amendment No. 1 to Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on June 10, 2002)

1.2	Form of Warrant Purchase Agreement (previously filed in and incorporated by reference to Amendment No. 1 to Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on June 10, 2002)
3.1	Amended and Restated Articles of Incorporation dated as of July 1, 2000 (previously filed in and incorporated by reference to Registrant s Registration Statement on Form S-11, Commission File No. 333-44900, filed on August 31, 2000)

II-5

Table of Contents

3.2	Articles of Amendment to Amended and Restated Articles of Incorporation dated as June 26, 2002 (previously filed in and incorporated by reference to Amendment No. 2 to Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on July 15, 2002)
3.3	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)
3.4	Amendment No. 1 to Bylaws (previously filed in and incorporated by reference to Post-Effective Amendment No. 5 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-32099, filed on April 15, 1999)
4.1	Form of Subscription Agreement and Subscription Agreement Signature Page (included as Exhibit A to Prospectus)
5.1	Opinion of Holland & Knight LLP as to legality of securities (previously filed in and incorporated by reference to Amendment No. 2 to Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on July 15, 2002)
8.1	Opinion of Holland & Knight LLP as to tax matters (previously filed in and incorporated by reference to Amendment No. 2 to Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on July 15, 2002)
8.2	Opinion of Holland & Knight LLP as to ERISA matters (previously filed in and incorporated by reference to Amendment No. 2 to Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on July 15, 2002)
10.1	Advisory Agreement dated January 30, 2003 (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. 333-85848, filed on September 18, 2003)
10.2	Asset/Property Management Agreement among Registrant, Wells Operating Partnership, L.P. and Wells Management Company, Inc. (previously filed in and incorporated by reference to Post-Effective Amendment No. 5 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on September 18, 2003)
10.3	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)
10.4	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)
10.5	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)
10.6	Amended and Restated Joint Venture Partnership Agreement of The Wells Fund XI-Fund XII REIT Joint Venture (previously filed in and incorporated by reference to Amendment No. 1 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-83933, filed on November 17, 1999)

10.7	Joint Venture Partnership Agreement of Wells Fund XII-REIT Joint Venture Partnership (previously filed as Exhibit 10.11 and incorporated by reference to Post-Effective Amendment No. 2 to Form S-11 Registration Statement of Wells Real Estate Fund XII, L.P. on Form S-11, Commission File No. 33-66657, filed on April 25, 2000)
10.8	Joint Venture Partnership Agreement of Fund VIII-IX-REIT Joint Venture (previously filed in and incorporated by reference to Registrant s Registration Statement on Form S-11, Commission File No. 333-44900, filed on August 31, 2000)
10.9	Joint Venture Partnership Agreement of Wells Fund XIII-REIT Joint Venture Partnership (previously filed in and incorporated by reference to Post-Effective Amendment No. 3 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-44900, filed on July 23, 2001)
10.10	Agreement of Limited Partnership of Wells Operating Partnership, L.P. as Amended and Restated as of January 1, 2000 (previously filed in and incorporated by reference to Form 10-K of Registrant for the fiscal year ended December 31, 2000, Commission File No. 0-25739)
10.11	Amended and Restated Promissory Note for $15,500,000 for the SouthTrust Loan (previously filed in and incorporated by reference to Post-Effective Amendment No. 4 of the Registrant s Registration Statement on Form S-11, Commission File No. 333-32099, filed on January 15, 1999)
10.12	Amendment No. 1 to Mortgage and Security Agreement and other Loan Documents for the PwC Building securing the SouthTrust Loan (previously filed in and incorporated by reference to Post-Effective Amendment No. 4 of the Registrant s Registration Statement on Form S-11, Commission File No. 333-32099, filed on January 15, 1999)
10.13	Loan Agreement with SouthTrust Bank, N.A. for a $35,000,000 revolving line of credit dated May 3, 2000 (previously filed in and incorporated by reference to Post-Effective Amendment No. 3 to Registrant s Registration Statement on Form S-11, Commission File No. 333-83933, filed on September 8, 2000)
10.14	Promissory Note for $35,000,000 to SouthTrust Bank, N.A. (previously filed in and incorporated by reference to Post-Effective Amendment No. 3 to Registrant s Registration Statement on Form S-11, Commission File No. 333-83933, filed on September 8, 2000)
10.15	Allonge to Revolving Note relating to the SouthTrust Bank N.A. $32,393,000 revolving line of credit (previously filed in and incorporated by reference to Amendment No. 2 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-44900, filed on December 18, 2000)
10.16	First Amendment to Revolving Loan Agreement and Other Loan Documents relating to the SouthTrust Bank N.A. $32,393,000 revolving line of credit (previously filed in and incorporated by reference to Amendment No. 2 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-44900, filed on December 18, 2000)
10.17	Second Note Modification Agreement relating to the SouthTrust Bank N.A. $12,844,000 revolving line of credit (previously filed in and incorporated by reference to Amendment No. 2 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-44900, filed on December 18, 2000)
10.18	Second Amendment to Amended and Restated Loan Agreement and Other Loan Documents relating to the SouthTrust Bank N.A. $12,844,000 revolving line of credit (previously filed in and incorporated by reference to Amendment No. 2 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-44900, filed on December 18, 2000)

Table of Contents

10.19	Revolving Note relating to the SouthTrust Bank N.A. $19,003,000 revolving line of credit (previously filed in and incorporated by reference to Amendment No. 2 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-44900, filed on December 18, 2000)
10.20	Revolving Loan Agreement relating to the SouthTrust Bank N.A. $19,003,000 revolving line of credit (previously filed in and incorporated by reference to Amendment No. 2 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-44900, filed on December 18, 2000)
10.21	Amended and Restated Revolving Note relating to the SouthTrust Bank N.A. $7,900,000 revolving line of credit (previously filed in and incorporated by reference to Amendment No. 2 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-44900, filed on December 18, 2000)
10.22	Amended and Restated Loan Agreement relating to the SouthTrust Bank N.A. $7,900,000 revolving line of credit (previously filed in and incorporated by reference to Amendment No. 2 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-44900, filed on December 18, 2000)
10.23	Revolving Credit Agreement relating to the Bank of America, N.A. $85,000,000 revolving line of credit (previously filed in and incorporated by reference to Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on April 8, 2002)
10.24	Construction Loan Agreement relating to the Bank of America, N.A. $34,200,000 construction loan (previously filed in and incorporated by reference to Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on April 8, 2002)
10.25	Lease for the Eisenhower Blvd Tampa Building (formerly 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)
10.26	Office Lease for the Matsushita Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 5 of the Registrant s Registration Statement on Form S-11, Commission File No. 333-32099, filed on April 15, 1999)
10.27	Guaranty of Lease for the Matsushita Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 5 of the Registrant s Registration Statement on Form S-11, Commission File No. 333-32099, filed on April 15, 1999)
10.28	Lease Agreement with Cinemark USA, Inc. for a portion of the Cinemark Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 1 to Registrant s Registration Statement on Form S-11, Commission File No. 333-83933, filed on March 15, 2000)
10.29	Lease Agreement with The Coca-Cola Company for a portion of the Cinemark Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 1 to Registrant s Registration Statement on Form S-11, Commission File No. 333-83933, filed on March 15, 2000)

Table of Contents

10.30	Lease Agreement for the Motorola Tempe Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 2 to Registrant s Registration Statement on Form S-11, Commission File No. 333-83933, filed on June 9, 2000)
10.31	First Amendment to Lease Agreement for the Motorola Tempe Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 2 to Registrant s Registration Statement on Form S-11, Commission File No. 333-83933, filed on June 9, 2000)
10.32	Ground Lease Agreement for the Motorola Tempe Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 2 to Registrant s Registration Statement on Form S-11, Commission File No. 333-83933, filed on June 9, 2000)
10.33	Lease Agreement for the Motorola Plainfield Building (previously filed in and incorporated by reference to Amendment No. 1 to Registrant s Registration Statement on Form S-11, Commission File No. 333-44900, filed on December 1, 2000)
10.34	Lease Agreement with Stone & Webster, Inc. for a portion of the Stone & Webster Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 1 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-44900, filed on February 9, 2001)
10.35	Lease Agreement with Sysco Corporation for a portion of the Stone & Webster Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 1 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-44900, filed on February 9, 2001)
10.36	Lease Agreement for the Metris Minnesota Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 1 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-44900, filed on February 9, 2001)
10.37	Fourth Amendment to Lease Agreement for the Metris Minnesota Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 1 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-44900, filed on February 9, 2001)
10.38	Guaranty of Lease for the Metris Minnesota Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 1 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-44900, filed on February 9, 2001)
10.39	Lease Agreement for the Comdata Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 3 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-44900, filed on July 23, 2001)
10.40	First Amendment to Lease Agreement for the Comdata Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 3 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-44900, filed on July 23, 2001)
10.41	Lease Agreement for the State Street Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 4 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-44900, filed on October 23, 2001)

Table of Contents

10.42	Lease Agreement for the IKON Buildings (previously filed in and incorporated by reference to Post-Effective Amendment No. 4 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-44900, filed on October 23, 2001)
10.43	First Amendment to Lease Agreement for the IKON Buildings (previously filed in and incorporated by reference to Post-Effective Amendment No. 4 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-44900, filed on October 23, 2001)
10.44	Reinstatement of and Second Amendment to Lease Agreement for the IKON Buildings (previously filed in and incorporated by reference to Post-Effective Amendment No. 4 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-44900, filed on October 23, 2001)
10.45	Agreement of Sale for the Nissan Property (previously filed in and incorporated by reference to Post-Effective Amendment No. 4 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-44900, filed on October 23, 2001)
10.46	Lease Agreement for the Nissan Property (previously filed in and incorporated by reference to Post-Effective Amendment No. 4 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-44900, filed on October 23, 2001)
10.47	Guaranty of Lease for the Nissan Property (previously filed in and incorporated by reference to Post-Effective Amendment No. 4 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-44900, filed on October 23, 2001)
10.48	Development Agreement for the Nissan Property (previously filed in and incorporated by reference to Post-Effective Amendment No. 4 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-44900, filed on October 23, 2001)
10.49	Design and Build Construction Agreement for the Nissan Property (previously filed in and incorporated by reference to Post-Effective Amendment No. 4 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-44900, filed on October 23, 2001)
10.50	Indenture of Lease Agreement for Ingram Micro Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 4 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-44900, filed on October 23, 2001)
10.51	Guaranty of Lease Agreement for Ingram Micro Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 4 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-44900, filed on October 23, 2001)
10.52	Absolute Assignment of Lease and Assumption Agreement for Ingram Micro Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 4 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-44900, filed on October 23, 2001)
10.53	Bond Real Property Lease Agreement for the Ingram Micro Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 4 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-44900, filed on October 23, 2001)

Table of Contents

10.54	Second Amendment to Lease Agreement for Matsushita Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 4 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-44900, filed on October 23, 2001)
10.55	Lease Agreement with TCI Great Lakes, Inc. for a portion of the Windy Point I Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 5 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-44900, filed on January 23, 2002)
10.56	First Amendment to Office Lease with TCI Great Lakes, Inc. (previously filed in and incorporated by reference to Post-Effective Amendment No. 5 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-44900, filed on January 23, 2002)
10.57	Lease Agreement with Zurich American Insurance Company for the Windy Point II Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 5 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-44900, filed on January 23, 2002)
10.58	Third Amendment to Office Lease with Zurich American Insurance Company (previously filed in and incorporated by reference to Post-Effective Amendment No. 5 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-44900, filed on January 23, 2002)
10.59	Lease Agreement with Arthur Andersen LLP for the Vertex Sarasota Building (formerly the Arthur Andersen Building) (previously filed in and incorporated by reference to Post-Effective Amendment No. 5 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-44900, filed on January 23, 2002)
10.60	Lease Agreement with Transocean Deepwater Offshore Drilling, Inc. for a portion of the Transocean Houston Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 6 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-44900, filed on April 22, 2002)
10.61	Lease Agreement with Newpark Drilling Fluids, Inc. for a portion of the Transocean Houston Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 6 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-44900, filed on April 22, 2002)
10.62	Lease Agreement for the Dana Detroit Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 6 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-44900, filed on April 22, 2002)
10.63	Second Amendment to Lease Agreement for the Dana Detroit Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 6 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-44900, filed on April 22, 2002)
10.64	Lease Agreement for the Dana Kalamazoo Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 6 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-44900, filed on April 22, 2002)

10.65	Second Amendment to Lease Agreement for the Dana Kalamazoo Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 6 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-44900, filed on April 22, 2002)
10.66	Purchase and Sale Agreement for the Experian/TRW Buildings (previously filed in and incorporated by reference to Amendment No. 1 to Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on June 10, 2002)
10.67	Lease Agreement for the Experian/TRW Buildings (previously filed in and incorporated by reference to Amendment No. 1 to Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on June 10, 2002)
10.68	Lease Amendment to Lease Agreement for the Experian/TRW Buildings (previously filed in and incorporated by reference to Amendment No. 1 to Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on June 10, 2002)
10.69	Purchase and Sale Agreement and Escrow Instructions for the Agilent Boston Building (previously filed in and incorporated by reference to Amendment No. 1 to Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on June 10, 2002)
10.70	Lease Agreement for the Agilent Boston Building (previously filed in and incorporated by reference to Amendment No. 1 to Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on June 10, 2002)
10.71	Purchase and Sale Agreement for the TRW Denver Building (previously filed in and incorporated by reference to Amendment No. 2 to Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on July 15, 2002)
10.72	Lease Agreement for the TRW Denver Building (previously filed in and incorporated by reference to Amendment No. 2 to Registrant s Registration Statement on Form S-10.7311, Commission File No. 333-85848, filed on July 15, 2002)
10.73	Purchase and Sale Agreement for the MFS Phoenix Building (previously filed in and incorporated by reference to Amendment No. 2 to Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on July 15, 2002)
10.74	Lease Agreement for the MFS Phoenix Building (previously filed in and incorporated by reference to Amendment No. 2 to Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on July 15, 2002)
10.75	Purchase and Sale Agreement for the ISS Atlanta Buildings (previously filed in and incorporated by reference to Amendment No. 2 to Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on July 15, 2002)
10.76	Lease Agreement for the ISS Atlanta Buildings (previously filed in and incorporated by reference to Amendment No. 2 to Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on July 15, 2002)
10.77	Amendment No. 5 to Lease Agreement for the ISS Atlanta Buildings (previously filed in and incorporated by reference to Amendment No. 2 to Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on July 15, 2002)
10.78	Ground Lease Agreement for ISS Atlanta Buildings (previously filed in and incorporated by reference to Amendment No. 2 to Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on July 15, 2002)

10.79	Purchase and Sale Agreement for the Nokia Dallas Buildings (previously filed in and incorporated by reference to Post-Effective Amendment No. 1 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on October 25, 2002)
10.80	Lease Agreement for Building No. 1 of the Nokia Dallas Buildings (previously filed in and incorporated by reference to Post-Effective Amendment No. 1 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on October 25, 2002)
10.81	Amendment to Lease Agreement for Building No. 1 of the Nokia Dallas Buildings (previously filed in and incorporated by reference to Post-Effective Amendment No. 1 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on October 25, 2002)
10.82	Lease Agreement for Building No. 2 of the Nokia Dallas Buildings (previously filed in and incorporated by reference to Post-Effective Amendment No. 1 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on October 25, 2002)
10.83	Amendment to Lease Agreement for Building No. 2 of the Nokia Dallas Buildings (previously filed in and incorporated by reference to Post-Effective Amendment No. 1 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on October 25, 2002)
10.84	Lease Agreement for Building No. 3 of the Nokia Dallas Buildings (previously filed in and incorporated by reference to Post-Effective Amendment No. 1 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on October 25, 2002)
10.85	Amendment to Lease Agreement for Building No. 3 of the Nokia Dallas Buildings (previously filed in and incorporated by reference to Post-Effective Amendment No. 1 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on October 25, 2002)
10.86	Agreement of Sale for the KeyBank Parsippany Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 1 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on October 25, 2002)
10.87	Lease Agreement with KeyBank U.S.A., N.A. for a portion of the KeyBank Parsippany Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 1 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on October 25, 2002)
10.88	Lease Agreement with Gemini Technology Services for a portion of the KeyBank Parsippany Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 1 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on October 25, 2002)
10.89	Amendment to Lease Agreement with Gemini Technology Services for a portion of the KeyBank Parsippany Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 1 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on October 25, 2002)

10.90	Purchase and Sale Agreement for NASA Buildings (previously filed in and incorporated by reference to Post-Effective Amendment No. 2 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on January 24, 2003)
10.91	Lease Agreement with the Office of the Comptroller of the Currency and amendments thereto (previously filed in and incorporated by reference to Post-Effective Amendment No. 2 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on January 24, 2003)
10.92	Lease Agreement with the United States of America (NASA) and amendments thereto (previously filed in and incorporated by reference to Post-Effective Amendment No. 2 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on January 24, 2003)
10.93	Agreement of Purchase and Sale for Nestle Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 2 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on January 24, 2003)
10.94	Loan Agreement for $90,000,000 loan assumed with Landesbank Schleswig-Holstein Gironzentrale, Kiel (previously filed in and incorporated by reference to Post-Effective Amendment No. 2 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on January 24, 2003)
10.95	Lease Agreement for Nestle Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 2 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on January 24, 2003)
10.96	Various amendments to Lease Agreement for Nestle Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 2 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on January 24, 2003)
10.97	Agreement of Purchase and Sale for 150 West Jefferson Detroit Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 3 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on April 14, 2003)
10.98	$500,000,000 Credit Agreement for an unsecured line of credit with Bank of America, N.A. and a consortium of other banks (previously filed in and incorporated by reference to Post-Effective Amendment No. 4 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on June 20, 2003)
10.99	Real Estate Sale Agreement for US Bancorp Minneapolis Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 4 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on June 20, 2003)
10.100	Lease Agreement with US Bancorp Piper Jaffray Companies, Inc. and amendments thereto for a portion of US Bancorp Minneapolis Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 4 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on June 20, 2003)

Table of Contents

10.101	Agreement of Purchase and Sale for Aon Center Chicago Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 4 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on June 20, 2003)
10.102	Lease Agreement with BP Corporation North America, Inc. and amendments thereto for a portion of the Aon Center Chicago Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 4 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on June 20, 2003)
10.103	Lease Agreement for Cingular Atlanta Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 5 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on September 18, 2003)
10.104	Lease Agreement for Aventis Northern NJ Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 5 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on September 18, 2003)
10.105	Purchase and Sale Agreement for 35 W. Wacker Venture, L.P. (Leo Burnett Chicago Building) (previously filed in and incorporated by reference to Post-Effective Amendment No. 6 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on December 17, 2003)
10.106	Second Amended and Restated Limited Partnership Agreement of 35 W. Wacker Venture, L.P. (previously filed in and incorporated by reference to Post-Effective Amendment No. 6 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on December 17, 2003)
10.107	First Amendment to Second Amended and Restated Limited Partnership Agreement of 35 W. Wacker Venture, L.P. (previously filed in and incorporated by reference to Post-Effective Amendment No. 6 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on December 17, 2003)
10.108	Amended and Restated Limited Partnership Agreement of Wells-Buck Venture, L.P. (previously filed in and incorporated by reference to Post-Effective Amendment No. 6 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on December 17, 2003)
10.109	Promissory Note in favor of Teachers Insurance and Annuity Association of America relating to Leo Burnett Chicago Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 6 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on December 17, 2003)
10.110	Promissory Note in favor of New York Life Insurance Company relating to Leo Burnett Chicago Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 6 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on December 17, 2003)
10.111	Mortgage Assignment of Leases and Rents, Security Agreement and Fixture Filing Statement relating to Leo Burnett Chicago Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 6 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on December 17, 2003)

Table of Contents

10.112	Lease Agreement with Leo Burnett USA, Inc. for a portion of Leo Burnett Chicago Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 6 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on December 17, 2003)
10.113	Lease Agreement with Winston & Strawn, LLP for a portion of Leo Burnett Chicago Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 6 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on December 17, 2003)
10.114	Purchase and Sale Agreement for Washington, DC Portfolio (previously filed in and incorporated by reference to Post-Effective Amendment No. 6 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on December 17, 2003)
10.115	Promissory Note in favor of Metropolitan Life Insurance Company relating to Washington, DC Portfolio (US Park Service Building) (previously filed in and incorporated by reference to Post-Effective Amendment No. 6 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on December 17, 2003)
10.116	Deed of Trust, Security Agreement and Fixture Filing relating to US Park Service Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 6 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on December 17, 2003)
10.117	Promissory Note in favor of Metropolitan Life Insurance Company relating to Washington, DC Portfolio (1225 Eye Street Building) (previously filed in and incorporated by reference to Post-Effective Amendment No. 6 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on December 17, 2003)
10.118	Deed of Trust, Security Agreement and Fixture Filing relating to 1225 Eye Street Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 6 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on December 17, 2003)
10.119	Limited Liability Company Agreement for 1201 Eye Street, N.W. Associates, LLC (previously filed in and incorporated by reference to Post-Effective Amendment No. 6 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on December 17, 2003)
10.120	First Amendment to Limited Liability Company Agreement for 1201 Eye Street, N.W. Associates, LLC (previously filed in and incorporated by reference to Post-Effective Amendment No. 6 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on December 17, 2003)
10.121	Limited Liability Company Agreement for 1225 Eye Street, N.W. Associates, LLC (previously filed in and incorporated by reference to Post-Effective Amendment No. 6 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on December 17, 2003)
10.122	First Amendment to Limited Liability Company Associates for 1225 Eye Street, N.W. Associates, LLC (previously filed in and incorporated by reference to Post-Effective Amendment No. 6 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on December 17, 2003)
10.123	US Park Service Lease Agreement for a portion of US Park Service Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 6 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on December 17, 2003)

II-16

Table of Contents

10.124	Amendment to and Clarification of Joint Venture Partnership Agreement of Fund VIII-IX-REIT Joint Venture and Agency Agreement (previously filed in and incorporated by reference to Post-Effective Amendment No. 7 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on March 11, 2004)
10.125	Bank of America Lease Agreement for Bank of America Orange County Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 7 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on March 11, 2004)
10.126	Purchase and Sale Agreement for 1901 Market Street Philadelphia Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 7 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on March 11, 2004)
10.127	Amended and Restated Promissory Note from Wells 1901 Market, LLC to Wells Operating Partnership, L.P. relating to 1901 Market Street Philadelphia Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 7 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on March 11, 2004)
10.128	Independence Blue Cross Agreement of Lease for 1901 Market Street Philadelphia Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 7 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on March 11, 2004)
10.129	Agreement of Purchase and Sale of Property for 60 Broad Street New York Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 7 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on March 11, 2004)
10.130	State of New York Agreement of Lease for a portion of the 60 Broad Street New York Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 7 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on March 11, 2004)
23.1	Consent of Holland & Knight LLP (included in exhibits 5.1 and 8.1)
23.2	Consent of Arthur Andersen LLP (previously filed in and incorporated by reference to Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on April 8, 2002)
23.3	Consent of Ernst & Young LLP
23.4	Consent of Ernst & Young LLP
24.1	Power of Attorney
24.2	Power of Attorney

Table of Contents

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant certifies that it has reasonable grounds to believe that it meets all the requirements for filing on Form S-11 and has duly caused this Post-Effective Amendment No. 8 to Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Norcross, and State of Georgia, on the 30th day of April 2004.

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

By: /s/ Leo F. Wells, III

Leo F. Wells, III, President

Pursuant to the requirements of the Securities Act of 1933, this Post-Effective Amendment No. 8 to Registration Statement has been signed below on April 30, 2004 by the following persons in the capacities indicated.

Name	Title
/s/ Leo F. Wells, III	President and Director
Leo F. Wells, III	(Principal Executive Officer)
/s/ Douglas P. Williams	Executive Vice President and Director
Douglas P. Williams	(Principal Financial and Accounting Officer)
/s/ Michael R. Buchanan *	Director
Michael R. Buchanan (By Douglas P. Williams, as Attorney-in-fact)	
/s/ Richard W. Carpenter *	Director
Richard W. Carpenter (By Douglas P. Williams, as Attorney-in-fact)	
/s/ Bud Carter *	Director
Bud Carter (By Douglas P. Williams, as Attorney-in-fact)	
/s/ William H. Keogler, Jr. *	Director
William H. Keogler, Jr. (By Douglas P. Williams, as Attorney-in-fact)	
/s/ Donald S. Moss *	Director
Donald S. Moss (By Douglas P. Williams, as Attorney-in-fact)	

/s/ Walter W. Sessoms *	Director
Walter W. Sessoms (By Douglas P. Williams, as Attorney-in-fact)	
/s/ Neil H. Strickland *	Director
Neil H. Strickland (By Douglas P. Williams, as Attorney-in-fact)	
/s/ W. Wayne Woody **	Director
W. Wayne Woody (By Douglas P. Williams, as Attorney-in-fact)	

* By Douglas P. Williams, as Attorney-in-fact, pursuant to Power of Attorney dated April 20, 2003 and included as Exhibit 24.1 herein.

** By Douglas P. Williams, as Attorney-in-fact, pursuant to Power of Attorney dated July 25, 2003 and included as Exhibit 24.2 herein.

Table of Contents

EXHIBIT INDEX

Exhibit No.	Description
1.1	Form of Dealer Manager Agreement (previously filed in and incorporated by reference to Amendment No. 1 to Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on June 10, 2002)
1.2	Form of Warrant Purchase Agreement (previously filed in and incorporated by reference to Amendment No. 1 to Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on June 10, 2002)
3.1	Amended and Restated Articles of Incorporation dated as of July 1, 2000 (previously filed in and incorporated by reference to Registrant s Registration Statement on Form S-11, Commission File No. 333-44900, filed on August 31, 2000)
3.2	Articles of Amendment to Amended and Restated Articles of Incorporation dated as June 26, 2002 (previously filed in and incorporated by reference to Amendment No. 2 to Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on July 15, 2002)
3.3	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)
3.4	Amendment No. 1 to Bylaws (previously filed in and incorporated by reference to Post-Effective Amendment No. 5 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-32099, filed on April 15, 1999)
4.1	Form of Subscription Agreement and Subscription Agreement Signature Page (included as Exhibit A to Prospectus)
5.1	Opinion of Holland & Knight LLP as to legality of securities (previously filed in and incorporated by reference to Amendment No. 2 to Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on July 15, 2002)
8.1	Opinion of Holland & Knight LLP as to tax matters (previously filed in and incorporated by reference to Amendment No. 2 to Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on July 15, 2002)
8.2	Opinion of Holland & Knight LLP as to ERISA matters (previously filed in and incorporated by reference to Amendment No. 2 to Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on July 15, 2002)
10.1	Advisory Agreement dated January 30, 2003 (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. 333-85848, filed on September 18, 2003)
10.2	Asset/Property Management Agreement among Registrant, Wells Operating Partnership, L.P. and Wells Management Company, Inc. (previously filed in and incorporated by reference to Post-Effective Amendment No. 5 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on September 18, 2003)
10.3	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)

Table of Contents

10.4	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)
10.5	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)
10.6	Amended and Restated Joint Venture Partnership Agreement of The Wells Fund XI-Fund XII REIT Joint Venture (previously filed in and incorporated by reference to Amendment No. 1 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-83933, filed on November 17, 1999)
10.7	Joint Venture Partnership Agreement of Wells Fund XII-REIT Joint Venture Partnership (previously filed as Exhibit 10.11 and incorporated by reference to Post-Effective Amendment No. 2 to Form S-11 Registration Statement of Wells Real Estate Fund XII, L.P. on Form S-11, Commission File No. 33-66657, filed on April 25, 2000)
10.8	Joint Venture Partnership Agreement of Fund VIII-IX-REIT Joint Venture (previously filed in and incorporated by reference to Registrant s Registration Statement on Form S-11, Commission File No. 333-44900, filed on August 31, 2000)
10.9	Joint Venture Partnership Agreement of Wells Fund XIII-REIT Joint Venture Partnership (previously filed in and incorporated by reference to Post-Effective Amendment No. 3 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-44900, filed on July 23, 2001)
10.10	Agreement of Limited Partnership of Wells Operating Partnership, L.P. as Amended and Restated as of January 1, 2000 (previously filed in and incorporated by reference to Form 10-K of Registrant for the fiscal year ended December 31, 2000, Commission File No. 0-25739)
10.11	Amended and Restated Promissory Note for $15,500,000 for the SouthTrust Loan (previously filed in and incorporated by reference to Post-Effective Amendment No. 4 of the Registrant s Registration Statement on Form S-11, Commission File No. 333-32099, filed on January 15, 1999)
10.12	Amendment No. 1 to Mortgage and Security Agreement and other Loan Documents for the PwC Building securing the SouthTrust Loan (previously filed in and incorporated by reference to Post-Effective Amendment No. 4 of the Registrant s Registration Statement on Form S-11, Commission File No. 333-32099, filed on January 15, 1999)
10.13	Loan Agreement with SouthTrust Bank, N.A. for a $35,000,000 revolving line of credit dated May 3, 2000 (previously filed in and incorporated by reference to Post-Effective Amendment No. 3 to Registrant s Registration Statement on Form S-11, Commission File No. 333-83933, filed on September 8, 2000)
10.14	Promissory Note for $35,000,000 to SouthTrust Bank, N.A. (previously filed in and incorporated by reference to Post-Effective Amendment No. 3 to Registrant s Registration Statement on Form S-11, Commission File No. 333-83933, filed on September 8, 2000)
10.15	Allonge to Revolving Note relating to the SouthTrust Bank N.A. $32,393,000 revolving line of credit (previously filed in and incorporated by reference to Amendment No. 2 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-44900, filed on December 18, 2000)

Table of Contents

10.16	First Amendment to Revolving Loan Agreement and Other Loan Documents relating to the SouthTrust Bank N.A. $32,393,000 revolving line of credit (previously filed in and incorporated by reference to Amendment No. 2 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-44900, filed on December 18, 2000)
10.17	Second Note Modification Agreement relating to the SouthTrust Bank N.A. $12,844,000 revolving line of credit (previously filed in and incorporated by reference to Amendment No. 2 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-44900, filed on December 18, 2000)
10.18	Second Amendment to Amended and Restated Loan Agreement and Other Loan Documents relating to the SouthTrust Bank N.A. $12,844,000 revolving line of credit (previously filed in and incorporated by reference to Amendment No. 2 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-44900, filed on December 18, 2000)
10.19	Revolving Note relating to the SouthTrust Bank N.A. $19,003,000 revolving line of credit (previously filed in and incorporated by reference to Amendment No. 2 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-44900, filed on December 18, 2000)
10.20	Revolving Loan Agreement relating to the SouthTrust Bank N.A. $19,003,000 revolving line of credit (previously filed in and incorporated by reference to Amendment No. 2 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-44900, filed on December 18, 2000)
10.21	Amended and Restated Revolving Note relating to the SouthTrust Bank N.A. $7,900,000 revolving line of credit (previously filed in and incorporated by reference to Amendment No. 2 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-44900, filed on December 18, 2000)
10.22	Amended and Restated Loan Agreement relating to the SouthTrust Bank N.A. $7,900,000 revolving line of credit (previously filed in and incorporated by reference to Amendment No. 2 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-44900, filed on December 18, 2000)
10.23	Revolving Credit Agreement relating to the Bank of America, N.A. $85,000,000 revolving line of credit (previously filed in and incorporated by reference to Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on April 8, 2002)
10.24	Construction Loan Agreement relating to the Bank of America, N.A. $34,200,000 construction loan (previously filed in and incorporated by reference to Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on April 8, 2002)
10.25	Lease for the Eisenhower Blvd Tampa Building (formerly 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)
10.26	Office Lease for the Matsushita Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 5 of the Registrant s Registration Statement on Form S-11, Commission File No. 333-32099, filed on April 15, 1999)
10.27	Guaranty of Lease for the Matsushita Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 5 of the Registrant s Registration Statement on Form S-11, Commission File No. 333-32099, filed on April 15, 1999)

Table of Contents

10.28	Lease Agreement with Cinemark USA, Inc. for a portion of the Cinemark Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 1 to Registrant s Registration Statement on Form S-11, Commission File No. 333-83933, filed on March 15, 2000)
10.29	Lease Agreement with The Coca-Cola Company for a portion of the Cinemark Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 1 to Registrant s Registration Statement on Form S-11, Commission File No. 333-83933, filed on March 15, 2000)
10.30	Lease Agreement for the Motorola Tempe Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 2 to Registrant s Registration Statement on Form S-11, Commission File No. 333-83933, filed on June 9, 2000)
10.31	First Amendment to Lease Agreement for the Motorola Tempe Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 2 to Registrant s Registration Statement on Form S-11, Commission File No. 333-83933, filed on June 9, 2000)
10.32	Ground Lease Agreement for the Motorola Tempe Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 2 to Registrant s Registration Statement on Form S-11, Commission File No. 333-83933, filed on June 9, 2000)
10.33	Lease Agreement for the Motorola Plainfield Building (previously filed in and incorporated by reference to Amendment No. 1 to Registrant s Registration Statement on Form S-11, Commission File No. 333-44900, filed on December 1, 2000)
10.34	Lease Agreement with Stone & Webster, Inc. for a portion of the Stone & Webster Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 1 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-44900, filed on February 9, 2001)
10.35	Lease Agreement with Sysco Corporation for a portion of the Stone & Webster Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 1 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-44900, filed on February 9, 2001)
10.36	Lease Agreement for the Metris Minnesota Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 1 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-44900, filed on February 9, 2001)
10.37	Fourth Amendment to Lease Agreement for the Metris Minnesota Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 1 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-44900, filed on February 9, 2001)
10.38	Guaranty of Lease for the Metris Minnesota Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 1 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-44900, filed on February 9, 2001)
10.39	Lease Agreement for the Comdata Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 3 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-44900, filed on July 23, 2001)
10.40	First Amendment to Lease Agreement for the Comdata Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 3 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-44900, filed on July 23, 2001)

Table of Contents

10.41 Lease Agreement for the State Street Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 4 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-44900, filed on October 23, 2001)

10.42 Lease Agreement for the IKON Buildings (previously filed in and incorporated by reference to Post-Effective Amendment No. 4 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-44900, filed on October 23, 2001)

10.43 First Amendment to Lease Agreement for the IKON Buildings (previously filed in and incorporated by reference to Post-Effective Amendment No. 4 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-44900, filed on October 23, 2001)

10.44 Reinstatement of and Second Amendment to Lease Agreement for the IKON Buildings (previously filed in and incorporated by reference to Post-Effective Amendment No. 4 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-44900, filed on October 23, 2001)

10.45 Agreement of Sale for the Nissan Property (previously filed in and incorporated by reference to Post-Effective Amendment No. 4 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-44900, filed on October 23, 2001)

10.46 Lease Agreement for the Nissan Property (previously filed in and incorporated by reference to Post-Effective Amendment No. 4 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-44900, filed on October 23, 2001)

10.47 Guaranty of Lease for the Nissan Property (previously filed in and incorporated by reference to Post-Effective Amendment No. 4 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-44900, filed on October 23, 2001)

10.48 Development Agreement for the Nissan Property (previously filed in and incorporated by reference to Post-Effective Amendment No. 4 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-44900, filed on October 23, 2001)

10.49 Design and Build Construction Agreement for the Nissan Property (previously filed in and incorporated by reference to Post-Effective Amendment No. 4 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-44900, filed on October 23, 2001)

10.50 Indenture of Lease Agreement for Ingram Micro Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 4 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-44900, filed on October 23, 2001)

10.51 Guaranty of Lease Agreement for Ingram Micro Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 4 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-44900, filed on October 23, 2001)

10.52 Absolute Assignment of Lease and Assumption Agreement for Ingram Micro Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 4 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-44900, filed on October 23, 2001)

10.53 Bond Real Property Lease Agreement for the Ingram Micro Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 4 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-44900, filed on October 23, 2001)

Table of Contents

10.54	Second Amendment to Lease Agreement for Matsushita Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 4 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-44900, filed on October 23, 2001)
10.55	Lease Agreement with TCI Great Lakes, Inc. for a portion of the Windy Point I Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 5 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-44900, filed on January 23, 2002)
10.56	First Amendment to Office Lease with TCI Great Lakes, Inc. (previously filed in and incorporated by reference to Post-Effective Amendment No. 5 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-44900, filed on January 23, 2002)
10.57	Lease Agreement with Zurich American Insurance Company for the Windy Point II Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 5 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-44900, filed on January 23, 2002)
10.58	Third Amendment to Office Lease with Zurich American Insurance Company (previously filed in and incorporated by reference to Post-Effective Amendment No. 5 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-44900, filed on January 23, 2002)
10.59	Lease Agreement with Arthur Andersen LLP for the Vertex Sarasota Building (formerly the Arthur Andersen Building) (previously filed in and incorporated by reference to Post-Effective Amendment No. 5 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-44900, filed on January 23, 2002)
10.60	Lease Agreement with Transocean Deepwater Offshore Drilling, Inc. for a portion of the Transocean Houston Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 6 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-44900, filed on April 22, 2002)
10.61	Lease Agreement with Newpark Drilling Fluids, Inc. for a portion of the Transocean Houston Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 6 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-44900, filed on April 22, 2002)
10.62	Lease Agreement for the Dana Detroit Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 6 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-44900, filed on April 22, 2002)
10.63	Second Amendment to Lease Agreement for the Dana Detroit Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 6 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-44900, filed on April 22, 2002)
10.64	Lease Agreement for the Dana Kalamazoo Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 6 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-44900, filed on April 22, 2002)
10.65	Second Amendment to Lease Agreement for the Dana Kalamazoo Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 6 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-44900, filed on April 22, 2002)

Table of Contents

10.66 Purchase and Sale Agreement for the Experian/TRW Buildings (previously filed in and incorporated by reference to Amendment No. 1 to Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on June 10, 2002)

10.67 Lease Agreement for the Experian/TRW Buildings (previously filed in and incorporated by reference to Amendment No. 1 to Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on June 10, 2002)

10.68 Lease Amendment to Lease Agreement for the Experian/TRW Buildings (previously filed in and incorporated by reference to Amendment No. 1 to Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on June 10, 2002)

10.69 Purchase and Sale Agreement and Escrow Instructions for the Agilent Boston Building (previously filed in and incorporated by reference to Amendment No. 1 to Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on June 10, 2002)

10.70 Lease Agreement for the Agilent Boston Building (previously filed in and incorporated by reference to Amendment No. 1 to Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on June 10, 2002)

10.71 Purchase and Sale Agreement for the TRW Denver Building (previously filed in and incorporated by reference to Amendment No. 2 to Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on July 15, 2002)

10.72 Lease Agreement for the TRW Denver Building (previously filed in and incorporated by reference to Amendment No. 2 to Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on July 15, 2002)

10.73 Purchase and Sale Agreement for the MFS Phoenix Building (previously filed in and incorporated by reference to Amendment No. 2 to Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on July 15, 2002)

10.74 Lease Agreement for the MFS Phoenix Building (previously filed in and incorporated by reference to Amendment No. 2 to Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on July 15, 2002)

10.75 Purchase and Sale Agreement for the ISS Atlanta Buildings (previously filed in and incorporated by reference to Amendment No. 2 to Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on July 15, 2002)

10.76 Lease Agreement for the ISS Atlanta Buildings (previously filed in and incorporated by reference to Amendment No. 2 to Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on July 15, 2002)

10.77 Amendment No. 5 to Lease Agreement for the ISS Atlanta Buildings (previously filed in and incorporated by reference to Amendment No. 2 to Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on July 15, 2002)

10.78 Ground Lease Agreement for the ISS Atlanta Buildings (previously filed in and incorporated by reference to Amendment No. 2 to Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on July 15, 2002)

10.79 Purchase and Sale Agreement for the Nokia Dallas Buildings (previously filed in and incorporated by reference to Post-Effective Amendment No. 1 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on October 25, 2002)

10.80 Lease Agreement for Building No. 1 of the Nokia Dallas Buildings (previously filed in and incorporated by reference to Post-Effective Amendment No. 1 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on October 25, 2002)

Table of Contents

10.81	Amendment to Lease Agreement for Building No. 1 of the Nokia Dallas Buildings (previously filed in and incorporated by reference to Post-Effective Amendment No. 1 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on October 25, 2002)
10.82	Lease Agreement for Building No. 2 of the Nokia Dallas Buildings (previously filed in and incorporated by reference to Post-Effective Amendment No. 1 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on October 25, 2002)
10.83	Amendment to Lease Agreement for Building No. 2 of the Nokia Dallas Buildings (previously filed in and incorporated by reference to Post-Effective Amendment No. 1 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on October 25, 2002)
10.84	Lease Agreement for Building No. 3 of the Nokia Dallas Buildings (previously filed in and incorporated by reference to Post-Effective Amendment No. 1 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on October 25, 2002)
10.85	Amendment to Lease Agreement for Building No. 3 of the Nokia Dallas Buildings (previously filed in and incorporated by reference to Post-Effective Amendment No. 1 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on October 25, 2002)
10.86	Agreement of Sale for the KeyBank Parsippany Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 1 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on October 25, 2002)
10.87	Lease Agreement with KeyBank U.S.A., N.A. for a portion of the KeyBank Parsippany Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 1 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on October 25, 2002)
10.88	Lease Agreement with Gemini Technology Services for a portion of the KeyBank Parsippany Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 1 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on October 25, 2002)
10.89	Amendment to Lease Agreement with Gemini Technology Services for a portion of the KeyBank Parsippany Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 1 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on October 25, 2002)
10.90	Purchase and Sale Agreement for NASA Buildings (previously filed in and incorporated by reference to Post-Effective Amendment No. 2 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on January 24, 2003)
10.91	Lease Agreement with the Office of the Comptroller of the Currency and amendments thereto (previously filed in and incorporated by reference to Post-Effective Amendment No. 2 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on January 24, 2003)
10.92	Lease Agreement with the United States of America (NASA) and amendments thereto (previously filed in and incorporated by reference to Post-Effective Amendment No. 2 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on January 24, 2003)

Table of Contents

10.93	Agreement of Purchase and Sale for Nestle Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 2 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on January 24, 2003)
10.94	Loan Agreement for $90,000,000 loan assumed with Landesbank Schleswig-Holstein Gironzentrale, Kiel (previously filed in and incorporated by reference to Post-Effective Amendment No. 2 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on January 24, 2003)
10.95	Lease Agreement for Nestle Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 2 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on January 24, 2003)
10.96	Various amendments to Lease Agreement for Nestle Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 2 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on January 24, 2003)
10.97	Agreement of Purchase and Sale for 150 West Jefferson Detroit Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 3 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on April 14, 2003)
10.98	$500,000,000 Credit Agreement for an unsecured line of credit with Bank of America, N.A. and a consortium of other banks (previously filed in and incorporated by reference to Post-Effective Amendment No. 4 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on June 20, 2003)
10.99	Real Estate Sale Agreement for US Bancorp Minneapolis Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 4 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on June 20, 2003)
10.100	Lease Agreement with US Bancorp Piper Jaffray Companies, Inc. and amendments thereto for a portion of US Bancorp Minneapolis Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 4 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on June 20, 2003)
10.101	Agreement of Purchase and Sale for Aon Center Chicago Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 4 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on June 20, 2003)
10.102	Lease Agreement with BP Corporation North America, Inc. and amendments thereto for a portion of the Aon Center Chicago Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 4 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on June 20, 2003)
10.103	Lease Agreement for Cingular Atlanta Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 5 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on September 18, 2003)
10.104	Lease Agreement for Aventis Northern NJ Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 5 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on September 18, 2003)

Table of Contents

10.105	Purchase and Sale Agreement for 35 W. Wacker Venture, L.P. (Leo Burnett Chicago Building) (previously filed in and incorporated by reference to Post-Effective Amendment No. 6 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on December 17, 2003)
10.106	Second Amended and Restated Limited Partnership Agreement of 35 W. Wacker Venture, L.P. (previously filed in and incorporated by reference to Post-Effective Amendment No. 6 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on December 17, 2003)
10.107	First Amendment to Second Amended and Restated Limited Partnership Agreement of 35 W. Wacker Venture, L.P. (previously filed in and incorporated by reference to Post-Effective Amendment No. 6 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on December 17, 2003)
10.108	Amended and Restated Limited Partnership Agreement of Wells-Buck Venture, L.P. (previously filed in and incorporated by reference to Post-Effective Amendment No. 6 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on December 17, 2003)
10.109	Promissory Note in favor of Teachers Insurance and Annuity Association of America relating to Leo Burnett Chicago Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 6 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on December 17, 2003)
10.110	Promissory Note in favor of New York Life Insurance Company relating to Leo Burnett Chicago Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 6 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on December 17, 2003)
10.111	Mortgage Assignment of Leases and Rents, Security Agreement and Fixture Filing Statement relating to Leo Burnett Chicago Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 6 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on December 17, 2003)
10.112	Lease Agreement with Leo Burnett USA, Inc. for a portion of Leo Burnett Chicago Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 6 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on December 17, 2003)
10.113	Lease Agreement with Winston & Strawn, LLP for a portion of Leo Burnett Chicago Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 6 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on December 17, 2003)
10.114	Purchase and Sale Agreement for Washington, DC Portfolio (previously filed in and incorporated by reference to Post-Effective Amendment No. 6 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on December 17, 2003)
10.115	Promissory Note in favor of Metropolitan Life Insurance Company relating to Washington, DC Portfolio (US Park Service Building) (previously filed in and incorporated by reference to Post-Effective Amendment No. 6 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on December 17, 2003)
10.116	Deed of Trust, Security Agreement and Fixture Filing relating to US Park Service Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 6 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on December 17, 2003)

Table of Contents

10.117	Promissory Note in favor of Metropolitan Life Insurance Company relating to Washington, DC Portfolio (1225 Eye Street Building) (previously filed in and incorporated by reference to Post-Effective Amendment No. 6 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on December 17, 2003)
10.118	Deed of Trust, Security Agreement and Fixture Filing relating to 1225 Eye Street Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 6 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on December 17, 2003)
10.119	Limited Liability Company Agreement for 1201 Eye Street, N.W. Associates, LLC (previously filed in and incorporated by reference to Post-Effective Amendment No. 6 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on December 17, 2003)
10.120	First Amendment to Limited Liability Company Agreement for 1201 Eye Street, N.W. Associates, LLC (previously filed in and incorporated by reference to Post-Effective Amendment No. 6 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on December 17, 2003)
10.121	Limited Liability Company Agreement for 1225 Eye Street, N.W. Associates, LLC (previously filed in and incorporated by reference to Post-Effective Amendment No. 6 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on December 17, 2003)
10.122	First Amendment to Limited Liability Company Associates for 1225 Eye Street, N.W. Associates, LLC (previously filed in and incorporated by reference to Post-Effective Amendment No. 6 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on December 17, 2003)
10.123	US Park Service Lease Agreement for a portion of US Park Service Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 6 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on December 17, 2003)
10.124	Amendment to and Clarification of Joint Venture Partnership Agreement of Fund VIII-IX-REIT Joint Venture and Agency Agreement (previously filed in and incorporated by reference to Post-Effective Amendment No. 7 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on March 11, 2004)
10.125	Bank of America Lease Agreement for Bank of America Orange County Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 7 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on March 11, 2004)
10.126	Purchase and Sale Agreement for 1901 Market Street Philadelphia Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 7 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on March 11, 2004)
10.127	Amended and Restated Promissory Note from Wells 1901 Market, LLC to Wells Operating Partnership, L.P. relating to 1901 Market Street Philadelphia Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 7 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on March 11, 2004)
10.128	Independence Blue Cross Agreement of Lease for 1901 Market Street Philadelphia Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 7 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on March 11, 2004)

Table of Contents

10.129	Agreement of Purchase and Sale of Property for 60 Broad Street New York Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 7 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on March 11, 2004)
10.130	State of New York Agreement of Lease for a portion of the 60 Broad Street New York Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 7 to the Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on March 11, 2004)
23.1	Consent of Holland & Knight LLP (included in exhibits 5.1 and 8.1)
23.2	Consent of Arthur Andersen LLP (previously filed in and incorporated by reference to Registrant s Registration Statement on Form S-11, Commission File No. 333-85848, filed on April 8, 2002)
23.3	Consent of Ernst & Young LLP, filed herewith
23.4	Consent of Ernst & Young LLP, filed herewith
24.1	Power of Attorney, filed herewith
24.2	Power of Attorney, filed herewith