

WELLS REAL ESTATE INVESTMENT TRUST II INC

Form 424B3

November 15, 2007

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Registration No: 333-125643

WELLS REAL ESTATE INVESTMENT TRUST II, INC.

SUPPLEMENT NO. 4 DATED NOVEMBER 15, 2007

TO THE PROSPECTUS DATED APRIL 24, 2007

This document supplements, and should be read in conjunction with, our prospectus dated April 24, 2007 relating to our offering of 475,000,000 shares of common stock, as supplemented by supplement no. 1 dated May 3, 2007, supplement no. 2 dated May 16, 2007 and supplement no. 3 dated August 21, 2007. Capitalized terms used in this supplement have the same meanings as set forth in the prospectus. The purpose of this supplement is to disclose:

the status of our public offerings;

information regarding revisions to suitability standards in Iowa, Kansas and New Mexico;

the acquisition of a three-story office building containing approximately 106,000 rentable square feet located on a 10.2-acre parcel of land in Bannockburn, Illinois;

the acquisition of a three-story office building containing approximately 114,000 rentable square feet located on an 11.7-acre parcel of land in Wayne, Pennsylvania;

the acquisition of one five-story office building and three four-story office buildings containing approximately 478,000 aggregate rentable square feet located on a 30.8-acre of land in Englewood, Colorado;

the acquisition of Wells International RE II Limited, a Cypriot corporation, for the purpose of acquiring a nine-story office tower in Moscow, Russia currently under construction;

the acquisition of two 2-story office buildings containing approximately 156,000 aggregate rentable square feet located on a 8.75-acre parcel of land in Lynwood, Washington;

information regarding our indebtedness;

Management's Discussion and Analysis of Financial Condition and Results of Operations similar to that filed in our Quarterly Report on Form 10-Q for the three and nine months ended September 30, 2007, filed on November 7, 2007;

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our unaudited financial statements as of and for the three and nine months ended September 30, 2007 as filed in our Quarterly Report on Form 10-Q, filed on November 7, 2007;

audited financial statements of certain property acquisitions since July 11, 2007, as reported in supplement no. 3.

Status of Our Public Offerings

We commenced our initial public offering of 785 million shares of common stock on December 1, 2003, which consisted of a 600 million-share primary offering and a 185 million-share offering under our dividend reinvestment plan. We stopped making offers under the primary offering on November 26, 2005. We raised gross offering proceeds of approximately \$2.0 billion from the sale of approximately 197.1 million shares in our initial public offering, including shares sold under the dividend reinvestment plan after the primary offering terminated.

On November 10, 2005, we commenced this offering of 300.6 million shares of common stock. Of these shares, we are offering 300 million shares in a primary offering and 0.6 million shares under our dividend reinvestment plan. On April 14, 2006, we amended the registration statements for this offering and our initial public offering in order to offer in a combined prospectus the 300.6 million shares registered under the follow-on offering and 174.4 million unsold shares related to the dividend reinvestment plan and registered under the initial public offering. As of November 9, 2007, we had received gross offering proceeds of approximately \$1.7 billion from the sale of approximately 174.8 million shares in this follow-on offering, including dividend reinvestment plan shares sold under the combined prospectus.

As of November 9, 2007, we had received aggregate gross offering proceeds of approximately \$3.7 billion from the sale of approximately 371.9 million shares in our public offerings. After incurring approximately \$74.0 million in acquisition fees, approximately \$343.7 million in selling commissions and dealer-manager fees, approximately \$51.2 million in other organization and offering expenses, and funding common stock redemptions of approximately \$102.5 million pursuant to the share redemption program, as of November 9, 2007, we had raised aggregate net offering proceeds available for investment in properties of approximately \$3.1 billion, substantially all of which had been invested in real estate properties.

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Revisions to Suitability Standards in Iowa, Kansas and New Mexico

As of November 11, 2007, we will not sell shares to investors in Iowa, Kansas and New Mexico unless they meet the following special suitability standards:

Investors must have either (1) a net worth of at least \$250,000, or (2) gross annual income of at least \$70,000 and a net worth of at least \$70,000.

In addition, Iowa investors must have a net worth of at least 10 times their aggregate investment in us and our affiliates. Furthermore, The Office of the Kansas Securities Commissioner recommends that Kansas investors not invest, in the aggregate, more than 10% of their liquid net worth in this and similar direct participation investments. Liquid net worth is defined as that portion of net worth, which consists of cash, cash equivalents and readily marketable securities.

For purposes of determining suitability of an investor, net worth in all cases should be calculated excluding the value of an investor's home, furnishings and automobiles. In the case of sales to fiduciary accounts, these suitability standards must be met by the fiduciary account, by the person who directly or indirectly supplied the funds for the purchase of the shares if such person is the fiduciary or by the beneficiary of the account.

The Sponsor and those selling shares on our behalf must make every reasonable effort to determine that the purchase of shares in this offering is a suitable and appropriate investment for each stockholder based on information provided by the stockholder regarding the stockholder's financial situation and investment objectives.

Acquisition of the Bannockburn Lake III Building

On September 10, 2007, we purchased a three-story office building containing approximately 106,000 rentable square feet (the Bannockburn Lake III Building) for approximately \$20.2 million, exclusive of closing costs. The Bannockburn Lake III Building is located on an approximate 10.2-acre parcel of land at 2355 Waukegan Road, Bannockburn, Illinois. The Bannockburn Lake III Building was purchased from BRE Acquisitions V, LLC, which is not affiliated with us or Wells Capital, Inc. (Wells Capital). The acquisition of the Bannockburn Lake III Building was funded with net proceeds raised from our ongoing public offering and proceeds from our \$400 million line of credit with Wachovia Bank, N.A. (Wachovia).

The Bannockburn Lake III Building, which was completed in 1987, is entirely leased to TAP Pharmaceutical Products, Inc. (TAP). TAP is a joint venture between two global pharmaceutical companies, Abbott Laboratories and Takeda Pharmaceutical Company Limited. TAP develops and markets pharmaceutical products primarily for the United States. TAP reported a net worth, as of September 30, 2007, of approximately \$305.1 million.

Based on the current condition of the Bannockburn Lake III Building, we do not believe it will be necessary to make significant renovations to the Bannockburn Lake III Building in the near term. We believe that the Bannockburn Lake III Building is adequately insured.

Acquisition of the 1200 Morris Drive Building

On September 14, 2007, we purchased a three-story office building containing approximately 114,000 rentable square feet (the 1200 Morris Drive Building) for approximately \$29.3 million, exclusive of closing costs. The 1200 Morris Drive Building is located on an approximate 11.7-acre parcel of land at 1200 Morris Drive in Wayne, Pennsylvania. The 1200 Morris Drive Building was purchased from 1200 Morris Drive Corporation, which is not affiliated with us or Wells Capital. The acquisition of the 1200 Morris Drive Building was funded with net proceeds raised from our ongoing public offering and proceeds from our \$400 million line of credit with Wachovia.

The 1200 Morris Drive Building, which was constructed in 1985, is entirely leased to Shire Pharmaceuticals, Inc. (Shire). Shire is a subsidiary of Shire Plc, a global specialty biopharmaceutical company that reported a net worth, as of September 30, 2007 of approximately \$1.0 billion. The current annual base rent under the Shire lease is approximately \$2.7 million. The current remaining lease term on the Shire lease is approximately 10 years. Shire has the right to extend the term of its lease for one successive period of five years.

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Based on the current condition of the 1200 Morris Drive Building, we do not believe it will be necessary to make significant renovations to the 1200 Morris Drive Building in the near term. We believe that the 1200 Morris Drive Building is adequately insured.

Acquisition of South Jamaica Street Buildings

On September 26, 2007, we purchased one five-story office building and three four-story office buildings containing approximately 478,000 rentable square feet (the South Jamaica Street Buildings) for approximately \$138.5 million, exclusive of closing costs. The South Jamaica Street Buildings are located on an approximate 30.8-acre parcel of land at 9127, 9189, 9191 and 9193 South Jamaica Street, Englewood, Colorado. The South Jamaica Street Buildings were purchased from CH2M HILL Companies, Inc. (CH2M HILL), which is not affiliated with us or Wells Capital. The acquisition of the South Jamaica Street Buildings was funded with net proceeds raised from our ongoing public offering and proceeds from our \$400 million line of credit with Wachovia.

The South Jamaica Street Buildings, which were completed between 2002 and 2007, are entirely leased to CH2M HILL. CH2M HILL is a global firm providing engineering, construction, operations, and related technical services to public and private clients. CH2M HILL reported a net worth, as of September 30, 2007, of approximately \$439.4 million. The current annual base rent under the CH2M HILL lease is approximately \$10.0 million. The current remaining lease term on the CH2M HILL lease is approximately 10 years. CH2M HILL has the right to extend the term of its lease for two successive periods of five or ten years each.

Based on the current condition of the South Jamaica Street Buildings, we do not believe it will be necessary to make significant renovations to the South Jamaica Street Buildings in the near term. We believe that the South Jamaica Street Buildings are adequately insured.

Acquisition of Wells International RE II

On October 2, 2007, we acquired Wells International RE II Limited (Wells International), a Cypriot corporation, for approximately \$32.0 million. Wells International RE II is party to a shared construction agreement with an unrelated third party for the development of a nine-story office tower in Moscow, Russia (Dvintsev Business Center Tower B). Construction of Dvintsev Business Center Tower B, which will contain approximately 136,000 rentable square feet, is expected to be completed in late 2008. Upon its completion, Wells International will acquire Dvintsev Business Center Tower B for a purchase price of approximately \$63.2 million towards which Wells International will receive a credit of \$32.0 million plus additional earnest money deposits made by Wells International during the construction phase.

On October 2, 2007, in anticipation of its future acquisition of Dvintsev Business Center Tower B, Wells International entered into a 7-year, unsecured, fixed rate line of credit with Zenit Bank for 930.0 million Russian rubles (Zenit Bank Line). Prior to Wells International's acquisition of the Dvintsev Business Center Tower B, the Zenit Bank Line is unsecured and bears interest at a fixed rate of 11.61%. After Wells International acquires the Dvintsev Business Center Tower B, the Zenit Bank Line becomes secured and the fixed interest rate drops to 11.0%. As of October 31, 2007, no amounts have been drawn from the Zenit Bank line of credit. In connection with entering into the Zenit Bank Line, we entered into a foreign currency exchange agreement with Wachovia, under which we will purchase 802.4 million Russian rubles at a fixed price of \$0.04 per Russian ruble from September 2008 through March 2009.

Acquisition of the 25th Avenue West Buildings

On November 5, 2007, we purchased two 2-story office buildings containing approximately 156,000 aggregate rentable square feet (the 25th Avenue West Buildings) for approximately \$35.0 million, exclusive of closing costs. The 25th Avenue West Buildings are located on an approximate 8.75-acre parcel of land at 15815 and 16201 25th Avenue West in Lynwood, Washington. The 25th Avenue West Buildings were purchased from Opus Northwest, LLC, which is not affiliated with us or Wells Capital. The acquisition of the 25th Avenue West Buildings was funded with net proceeds raised from our ongoing public offering and proceeds from our \$400 million line of credit with Wachovia.

The 15815 25th West Avenue Building, which was constructed in 2007, is entirely leased to Comcast of Washington II, Inc, which is a subsidiary of Comcast Corporation (Comcast). Comcast is a provider of cable, entertainment and communications products and services. With 24.1 million cable customers, 12.4 million high-speed Internet customers and 3.5 million voice customers, Comcast is principally involved in the development, management and operation of broadband cable systems and in the delivery of programming content. Comcast reported a net worth, as of September 30, 2007, of approximately 41.9 billion. The current annual base rent under the Comcast lease is approximately \$1.5 million. The current remaining lease term on the Comcast lease is approximately 10 years. Comcast has the right to extend the term of its lease for two successive periods of five years each. The 16201 25th Avenue West Building was completed in 2007 and is currently vacant.

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Based on the current condition of the 25th Avenue West Buildings, we do not believe it will be necessary to make significant renovations to the 25th Avenue West Buildings in the near term. We believe that the 25th Avenue West Buildings are adequately insured.

Indebtedness

As of November 9, 2007, our leverage ratio, that is, the ratio of total debt to total purchase price of real estate assets plus cash and cash equivalents, was approximately 24%. As of November 9, 2007, total indebtedness was approximately \$984.1 million, which consisted of fixed-rate mortgages on certain properties of approximately \$660.0 million and two variable rate mortgages on two properties of approximately \$181.1 million. We currently have \$143.0 million outstanding under the Wachovia Line of Credit. Based on the value of our borrowing-base properties, we had approximately \$257.0 million in remaining capacity under the Wachovia Line of Credit, of which approximately \$2.5 million was pledged in the form of letters of credit for future tenant improvements and leasing costs.

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

The following discussion and analysis should be read in conjunction with the accompanying consolidated financial statements and notes thereto contained in this supplement no. 4, as well as our consolidated financial statements and notes thereto and Management's Discussion and Analysis of Financial Condition and Results of Operations for the year ended December 31, 2006 included in the prospectus. This discussion contains forward-looking statements, which can be identified with the use of forward-looking terminology such as may, will, intend or similar words. Actual results may differ from those described in forward-looking statements. For a discussion of the factors that could cause actual results to differ from those anticipated, see "Risk Factors" in the prospectus.

We commenced our initial public offering on December 1, 2003 and have received investor proceeds under our public offerings of common stock and invested in real estate assets through September 30, 2007. Thus, our results of operations for the three months and nine months ended September 30, 2007 and 2006, respectively, reflect growing operational revenues and expenses and general and administrative expenses. Operational revenues and expenses have increased due to real property acquisitions. General and administrative expenses have increased commensurate with our overall growth, however, as a percent of total revenues, have remained stable at approximately 4% for the three months and nine months ended September 30, 2007 and 2006.

Liquidity and Capital Resources

Overview

From January 2004 through September 2007, we raised significant funds through the sale of our common stock under our public offerings. We primarily used the proceeds from these sales of common stock, net of offering costs and other expenses, to acquire real properties and fund certain capital improvements identified at the time of acquisition. We anticipate receiving proceeds from the sale of our common stock under our follow-on offering in the future, and investing such proceeds in future acquisitions of real properties. We also anticipate receiving proceeds from the sale of our common stock under our dividend reinvestment plan in the future, and using a significant portion of such proceeds to fund redemptions of our common stock under our share redemption program. We expect that our primary source of future operating cash flows will be cash generated from the operations of the properties currently in our portfolio and those to be acquired in the future. The amount of future dividends to be paid to our stockholders will be largely dependent upon the amount of cash generated from our operating activities, how quickly we are able to invest investor proceeds in quality income-producing assets, our expectations of future cash flows, and our determination of near-term cash needs for capital improvements, tenant re-leasing, redemptions of our common stock, and debt repayments.

The competition to acquire high-quality commercial office properties remains high. Timing differences arise between acquiring properties and raising capital and between making operating payments and collecting operating receipts. Accordingly, we may periodically be required to borrow funds on a short-term basis to meet our dividend payment schedule. Our primary focus, however, is to continue to maintain the quality of our portfolio. Thus, in this intensely competitive environment, we may opt to lower the dividend rather than compromise that quality or accumulate significant borrowings to meet a dividend level higher than operating cash flow would support. We continue to carefully monitor our cash flows and market conditions and their impact on our earnings and future dividend projections.

Short-term Liquidity and Capital Resources

During the nine months ended September 30, 2007, we generated net cash flows from operating activities of approximately \$136.9 million, which is primarily comprised of receipts for rental income, tenant reimbursements, hotel income, and interest and other income, partially offset by payments for operating costs, interest expense, asset and property management fees, hotel operating costs and general and administrative expenses. From net cash flows from operating activities and cash on hand, we paid dividends to stockholders of approximately \$140.9 million during the nine months ended September 30, 2007. We generated net cash flows from financing activities of approximately \$720.5 million during the nine months ended September 30, 2007, primarily as a result of raising proceeds from the sale of common stock under this offering. Such net cash flows from financing activities and cash on hand were used primarily to invest approximately \$837.1 million in real estate. We expect to utilize our residual cash balance of approximately \$33.3 million as of September 30, 2007 to satisfy current liabilities, pay future dividends, fund future acquisitions of real properties, or reduce indebtedness.

We intend to continue to generate capital from the sale of common stock under our follow-on offering and from third-party borrowings, and to use such capital primarily to fund future acquisitions of real estate. We expect that we will use a significant portion of the proceeds from sales under our dividend reinvestment plan to fund redemptions under the share redemption program. As of October 31, 2007, we had a borrowing capacity of approximately \$235.5 million under our \$400.0 million unsecured revolving financing facility (the "Wachovia Line of Credit") with a syndicate of banks led by

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Wachovia Bank, N.A., which expires May 9, 2008. Accordingly, we believe that we have adequate capacity to continue to expand our portfolio and meet our future operating cash flow needs. We expect to use substantially all of our future operating cash flow, after payments for certain capital expenditures, to pay dividends to stockholders.

On September 4, 2007, our board of directors declared a daily dividend for stockholders of record from September 16, 2007 through December 15, 2007 in an amount equal to an annualized dividend of \$0.60 per share, which is consistent with the rate of dividends declared for the first three quarters of 2007 and each quarter of 2006 on a per-share basis. Such dividend will be paid in December 2007.

Long-term Liquidity and Capital Resources

We expect that our primary sources of capital over the long term will include proceeds from the sale of our common stock, proceeds from secured or unsecured borrowings from third-party lenders, and net cash flows from operations. Our follow-on offering, which commenced in November 2005, was extended until the earlier of the sale of all 300.0 million shares or November 10, 2008. Thereafter, we expect to commence a second follow-on offering pursuant to a registration statement on form S-11 that we filed with the Securities and Exchange Commission (SEC) on July 9, 2007. We may continue to offer the 175.0 million dividend reinvestment plan shares beyond these dates until we have sold all of these shares through the reinvestment of dividends. We expect that our primary uses of capital will be for property acquisitions, either directly or through investments in joint ventures, tenant improvements, offering-related costs, operating expenses, including interest expense on any outstanding indebtedness, and dividends.

In determining how and when to allocate cash resources, we initially consider the source of the cash. We expect that substantially all future net operating cash flows, after payments for certain capital expenditures such as tenant improvements and leasing commissions, will be used to pay dividends. However, we may temporarily use other sources of cash, such as short-term borrowings, to fund dividends from time to time (see Liquidity and Capital Resources Overview above). We expect to use substantially all net cash flows generated from raising equity or debt financing to fund acquisitions, certain capital expenditures identified upon acquisition, the repayment of outstanding borrowings, and the redemption of shares under the share redemption program. If sufficient equity or debt capital is not available, our future investments in real estate will be lower.

To the extent that future cash flows provided by operations are lower due to lower returns on properties, future dividends paid may be lower as well. Our cash flow from operations depends significantly on market rents and our tenants' ability to make rental payments. We believe that the diversity of our tenant base and the concentration of creditworthy tenants in our portfolio help to mitigate the risk of a tenant defaulting on a lease. However, general economic downturns, downturns in one or more of our core markets, or downturns in the particular industries in which our tenants operate could adversely impact the ability of our tenants to make lease payments and our ability to re-lease space on favorable terms when leases expire. In the event of any of these situations, our cash flow and consequently our ability to meet capital needs, could adversely affect our ability to pay dividends in the future.

Contractual Commitments and Contingencies

Our contractual obligations as of September 30, 2007 will become payable in the following periods (in thousands):

Contractual Obligations	Total	2007	2008-2009	2010-2011	Thereafter
Outstanding debt obligations ⁽¹⁾	\$ 983,051	\$ 201	\$ 262,125	\$ 71,646	\$ 649,079
Capital lease obligations ⁽²⁾	78,000				78,000
Operating lease obligations	3,075	15	120	120	2,820
Total	\$ 1,064,126	\$ 216	\$ 262,245	\$ 71,766	\$ 729,899

(1) Amounts include principal payments only. We made interest payments of \$26.6 million during the nine months ended September 30, 2007 and expect to pay interest in future periods on outstanding debt obligations based on the rates and terms disclosed in our Annual Report on Form 10-K for the year ended December 31, 2006 and in Note 4 to our accompanying consolidated financial statements.

(2) Amount includes principal payments only. We made interest payments of \$3.5 million during the nine months ended September 30, 2007 and expect to pay interest in future periods based on the terms disclosed in our Annual Report on Form 10-K for the year ended December 31, 2006.

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Results of Operations

Overview

Our results of operations are not indicative of those expected in future periods, as we expect that rental income, tenant reimbursements, property operating costs, asset and property management fees, depreciation, amortization, and net income will increase in future periods as a result of owning the assets we acquired prior to and during the periods presented for an entire period and as a result of anticipated future acquisitions of real estate assets.

We commenced our initial public offering on December 1, 2003. Following the receipt and acceptance of subscriptions for the minimum offering of \$2.5 million on January 22, 2004, we acquired 18 properties during the year ended December 31, 2004, 21 properties during the year ended December 31, 2005, and 10 properties during the year ended December 31, 2006. During the nine months ended September 30, 2007, we acquired 8 properties and started construction on one build-to-suit, bringing our total portfolio to 58 properties as of September 30, 2007. Accordingly, the results of operations presented for the three months and nine months ended September 30, 2007 and 2006, respectively, are not directly comparable.

Comparison of the three months ended September 30, 2006 versus the three months ended September 30, 2007

Rental income and tenant reimbursements increased from approximately \$59.4 million and \$13.3 million, respectively, for the three months ended September 30, 2006 to approximately \$82.8 million and \$20.3 million, respectively, for the three months ended September 30, 2007, primarily as a result of the growth in the portfolio. Rental income and tenant reimbursements are expected to continue to increase in future periods, as compared to historical periods, as a result of owning recently acquired properties for an entire period and future acquisitions of real estate assets.

Property operating costs and asset and property management fees increased from approximately \$22.3 million and \$6.4 million, respectively, for the three months ended September 30, 2006 to approximately \$35.1 million and \$8.3 million, respectively, for the three months ended September 30, 2007, primarily as a result of the growth in the portfolio. Property operating costs and asset and property management fees are expected to continue to increase in future periods, as compared to historical periods, due to owning recently acquired assets for an entire period and future acquisitions of additional real estate assets.

Depreciation and amortization increased from approximately \$11.9 million and \$20.5 million, respectively, for the three months ended September 30, 2006 to approximately \$15.8 million and \$28.9 million, respectively, for the three months ended September 30, 2007, primarily as a result of the growth in the portfolio. Depreciation and amortization are expected to continue to increase in future periods, as compared to historical periods, due to owning recently acquired assets for an entire period and future acquisitions of additional real estate assets.

General and administrative expenses increased from approximately \$2.9 million for the three months ended September 30, 2006 to approximately \$4.6 million for the three months ended September 30, 2007 due to the increase in the size of our portfolio of real estate assets. General and administrative expenses, as a percent of total revenues, remained stable at approximately 4% for the three months ended September 30, 2006 and 2007.

Interest expense increased from approximately \$9.4 million for the three months ended September 30, 2006 to approximately \$12.6 million for the three months ended September 30, 2007, primarily due to obtaining new mortgage notes, which is partially offset by a decrease in the average balance outstanding under the Wachovia Line of Credit. Future levels of interest expense will vary primarily based on the amounts of future borrowings and the costs of such borrowings. Future borrowings will be used primarily to fund future acquisitions of real estate or interests therein. Accordingly, the amounts of future borrowings and future interest expense will largely depend on the level of additional proceeds we raise under our ongoing public offering, the opportunities to acquire real estate assets consistent with our investment objectives, and the timing of such future acquisitions.

Loss on interest rate swaps increased from approximately \$30,000 for the three months ended September 30, 2006 to approximately \$5.5 million for the three months ended September 30, 2007, primarily due to a market valuation adjustment to the interest rate swap agreement on the 222 E. 41st Street Building loan prompted by the decline in market interest rates in September 2007.

Interest and other income increased from approximately \$1.8 million for the three months ended September 30, 2006 to approximately \$2.8 million for the three months ended September 30, 2007, primarily due to a timing difference arising from raising capital under our public offerings in advance of using such capital to acquire properties or repay borrowings.

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We recognized net income and net income per share of approximately \$2.6 million and \$0.01, respectively, for the three months ended September 30, 2006, as compared to a net loss and net loss per share of approximately \$2.5 million and \$0.01, respectively, for the three months ended September 30, 2007. These decreases are primarily attributable to the loss on interest rate swaps and the increase in interest expense described above. We expect future earnings to increase as a result of current and future real estate acquisitions, and expect future net income per share to fluctuate primarily based on the level of proceeds raised in our ongoing public offering and the rate at which we are able to invest such proceeds in income-generating real estate assets.

Comparison of the nine months ended September 30, 2006 versus the nine months ended September 30, 2007

Rental income and tenant reimbursements increased from approximately \$174.2 million and \$40.7 million, respectively, for the nine months ended September 30, 2006 to approximately \$232.1 million and \$61.3 million, respectively, for the nine months ended September 30, 2007, primarily as a result of the growth in the portfolio. Rental income and tenant reimbursements are expected to continue to increase in future periods, as compared to historical periods, as a result of owning recently acquired properties for an entire period and future acquisitions of real estate assets.

Other rental income increased from approximately \$77,000 for the nine months ended September 30, 2006 to approximately \$2.8 million for the nine months ended September 30, 2007 primarily as a result of earning fees related to lease restructuring activities at 5 Houston and 100 E. Pratt. Unlike the majority of rental income, which is recognized ratably over long-term contracts, fees earned in connection with lease restructurings are recognized once we have completed our obligation to provide space to the tenant.

Property operating costs and asset and property management fees increased from approximately \$65.3 million and \$18.4 million, respectively, for the nine months ended September 30, 2006 to approximately \$98.1 million and \$23.7 million, respectively, for the nine months ended September 30, 2007, primarily as a result of the growth in the portfolio. Property operating costs and asset and property management fees are expected to continue to increase in future periods, as compared to historical periods, due to owning recently acquired assets for an entire period and future acquisitions of additional real estate assets.

Depreciation increased from approximately \$33.8 million for the nine months ended September 30, 2006 to approximately \$44.1 million for the nine months ended September 30, 2007, primarily as a result of the growth in the portfolio. Depreciation is expected to increase in future periods, as compared to historical periods, due to owning recently acquired assets for an entire period and future acquisitions of real estate assets.

Amortization increased from approximately \$60.0 million for the nine months ended September 30, 2006 to approximately \$86.3 million for the nine months ended September 30, 2007 due to the growth in the portfolio and recognizing write-offs of unamortized lease-specific assets related to an early termination of the right to lease space at 5 Houston Center of approximately \$5.2 million in the first quarter of 2007. Exclusive of the aforementioned write-off of \$5.2 million, amortization is expected to increase in future periods, as compared to historical periods, due to owning the recently acquired assets for an entire period and future acquisitions of additional real estate assets.

General and administrative expenses increased from approximately \$8.8 million for the nine months ended September 30, 2006 to approximately \$12.6 million for the nine months ended September 30, 2007, primarily due to the increase in the size of our portfolio of real estate assets. General and administrative expenses, as a percent of total revenues, remained stable at approximately 4% for the nine months ended September 30, 2006 and 2007.

Interest expense increased from approximately \$30.8 million for the nine months ended September 30, 2006 to approximately \$34.7 million for the nine months ended September 30, 2007, primarily due to obtaining new mortgage notes, which is partially offset by a decrease in the average balance outstanding under the Wachovia Line of Credit. Future levels of interest expense will vary primarily based on the amounts of future borrowings and the costs of such borrowings. Future borrowings will be used primarily to fund future acquisitions of real estate or interests therein. Accordingly, the amounts of future borrowings and future interest expense will largely depend on the level of additional proceeds we raise under our ongoing public offering, the opportunities to acquire real estate assets consistent with our investment objectives, and the timing of such future acquisitions.

We recognized a loss on early extinguishment of debt of \$1.1 million during the nine months ended September 30, 2006 in connection with prepaying the University Circle Buildings mortgage note in January 2006. The loss resulted from a prepayment penalty of \$5.7 million and a write-off of \$0.6 million in deferred financing costs, partially offset by a write-off of the unamortized fair value adjustment to debt of approximately \$5.2 million.

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We recognized a loss on interest rate swaps of approximately \$5.5 million for the nine months ended September 30, 2007 compared to a gain of approximately \$33,000 for the nine months ended September 30, 2006, primarily due to a market valuation adjustment to the interest rate swap agreement on the 222 E. 41st Street Building loan prompted by the decline in market interest rates in September 2007.

Interest and other income increased from approximately \$5.5 million for the nine months ended September 30, 2006 to approximately \$7.1 million for the nine months ended September 30, 2007, primarily due to a timing difference arising from raising capital under our public offerings in advance of using such capital to acquire properties or repay borrowings.

Net income and net income per share decreased from approximately \$5.8 million and \$0.03, respectively, for the nine months ended September 30, 2006 to approximately \$2.6 million and \$0.01, respectively, for the nine months ended September 30, 2007 primarily due to the loss on interest rate swaps and write-offs of unamortized lease-specific assets related to the termination at 5 Houston Center described above, partially offset by other rental income recognized for early lease terminations. We expect future earnings to increase as a result of current and future real estate acquisitions and expect future net income per share to fluctuate primarily based on the level of proceeds raised in our ongoing public offering and the rate at which we are able to invest such proceeds in income-generating real estate assets.

Funds From Operations

Funds from operations (FFO) is a non-GAAP financial measure and should not be viewed as an alternative to net income as a measurement of our operating performance. We believe that FFO is a beneficial indicator of the performance of equity real estate investment trusts (REIT). Specifically, FFO calculations exclude factors such as depreciation and amortization of real estate assets and gains or losses from sales of operating real estate assets. As such factors can vary among owners of identical assets in similar conditions based on historical cost accounting and useful-life estimates, FFO may provide a valuable comparison of operating performance between periods and with other REITs. Management believes that accounting for real estate assets in accordance with U.S. generally accepted accounting principles (GAAP) implicitly assumes that the value of real estate assets diminishes predictably over time. Since real estate values have historically risen or fallen with market conditions, many industry investors and analysts have considered the presentation of operating results for real estate companies that use historical cost accounting to be insufficient by themselves. As a result, we believe that the use of FFO, together with the required GAAP presentation, provides a more complete understanding of our performance relative to our competitors and a more informed and appropriate basis on which to make decisions involving operating, financing, and investing activities. We calculate FFO in accordance with the current National Association of Real Estate Investment Trusts (NAREIT) definition. However, other REITs may not define FFO in accordance with the NAREIT definition, or may interpret the current NAREIT definition differently than we do.

As presented below, FFO is adjusted to exclude the impact of certain noncash items, such as depreciation, amortization, and gains on the sale of real estate assets. Reconciliations of net income (loss) to FFO are presented below (in thousands):

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2007	2006	2007	2006
Net income (loss)	\$ (2,453)	\$ 2,637	\$ 2,613	\$ 5,842
Add:				
Depreciation of real assets	15,796	11,937	44,087	33,846
Amortization of lease-related costs	28,883	20,475	86,292	59,988
FFO	\$ 42,226	\$ 35,049	\$ 132,992	\$ 99,676
Weighted-average common shares outstanding	342,924	247,285	317,232	226,983

Set forth below is additional information related to certain cash and noncash items included in or excluded from net income (loss) above, which may be helpful in assessing our operating results. In addition, cash flows generated from FFO may be used to fund all or a portion of certain capitalizable items that are excluded from FFO, such as capitalized interest, tenant improvements, building improvements, and deferred lease costs. Please see the accompanying consolidated statements of cash flows for details of our operating, investing, and financing cash activities.

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Noncash Items Included in Net Income (Loss):

Straight-line rental revenue of approximately \$3.7 million and \$5.1 million was recognized for the three months ended September 30, 2007 and 2006, respectively, and approximately \$12.6 million and \$16.1 million was recognized for the nine months ended September 30, 2007 and 2006, respectively;

Amortization of above-market/below-market in-place leases and lease incentives of approximately \$2.9 million and \$4.6 million was recognized for the three months ended September 30, 2007 and 2006, respectively, and approximately \$10.4 million and \$10.3 million was recognized for the nine months ended September 30, 2007 and 2006, respectively;

Amortization of deferred financing costs, discounts on notes payable, and interest accrued into the basis of notes payable of approximately \$2.4 million and \$0.4 million was recognized as interest expense for the three months ended September 30, 2007 and 2006, respectively, and approximately \$5.0 million and \$1.3 million was recognized as interest expense for the nine months ended September 30, 2007 and 2006, respectively;

Approximately \$5.5 million was recognized as a loss on interest rate swap for the three and nine months ended September 30, 2007, respectively;

Approximately \$1.1 million was recognized as a loss on early extinguishment of debt for the nine months ended September 30, 2006 in connection with prepayment of the University Circle Buildings mortgage note during January 2006.

Cash Item Excluded from Net Income (Loss):

Master lease proceeds relating to previous acquisitions of approximately \$1.2 million and \$5.7 million were collected during the three months ended September 30, 2007 and 2006, respectively, and approximately \$1.4 million and \$6.0 million were collected during the nine months ended September 30, 2007 and 2006, respectively. Master lease proceeds are recorded as an adjustment to the basis of real estate assets during the period acquired and, accordingly, are not included in net income or FFO. We consider master lease proceeds when determining cash available for dividends to our stockholders.

Election as a REIT

We have elected to be taxed as a REIT under the Internal Revenue Code of 1986, as amended (the Code), and have operated as such beginning with our taxable year ended December 31, 2003. To qualify as a REIT, we must meet certain organizational and operational requirements, including a requirement to distribute at least 90% of our adjusted taxable income, as defined in the Code, to our stockholders, computed without regard to the dividends-paid deduction and by excluding our net capital gain. As a REIT, 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 then be subject to federal income taxes on our taxable income for that year and for the four years following the year during which qualification is lost, unless the Internal Revenue Service grants us relief under certain statutory provisions. Such an event could materially adversely affect our net income and net cash available for distribution to our stockholders. However, we believe that we are organized and operate in such a manner as to qualify for treatment as a REIT for federal income tax purposes.

Wells TRS II, LLC (Wells TRS) is our wholly owned subsidiary that is organized as a Delaware limited liability company and includes the operations of, among other things, a full-service hotel. We have elected to treat Wells TRS as a taxable REIT subsidiary. We may perform additional, non-customary services for tenants of buildings that we own through Wells TRS, including any real estate or non-real estate related services; however, any earnings related to such services are subject to federal and state income taxes. In addition, for us to continue to qualify as a REIT, our investments in taxable REIT subsidiaries cannot exceed 20% of the value of our total assets. Deferred tax assets and liabilities related to Wells TRS are established for temporary differences between the financial reporting basis and the tax basis of assets and liabilities at the enacted rates expected to be in effect when the temporary differences reverse.

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No provision for federal income taxes has been made in our accompanying consolidated financial statements, other than the provision relating to Wells TRS, as we made distributions in excess of taxable income for the periods presented. We are subject to certain state and local taxes related to property operations in certain locations, which have been provided for in our accompanying consolidated financial statements.

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Inflation

We are exposed to inflation risk, as income from long-term leases is the primary source of our cash flows from operations. There are provisions in the majority of our tenant leases that are intended to protect us from, and mitigate the risk of, the impact of inflation. These provisions include rent steps, reimbursement billings for operating expense pass-through charges, real estate tax and insurance reimbursements on a per-square-foot basis, or in some cases, annual reimbursement of operating expenses above a certain per-square-foot allowance. However, due to the long-term nature of the leases, the leases may not reset frequently enough to fully 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 management to use judgment in the application of accounting policies, including making estimates and assumptions. These judgments affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenue and expenses during the reporting periods. If our judgment or interpretation of the facts and circumstances relating to various transactions had been different, it is possible that different accounting policies would have been applied, thus resulting in a different presentation of 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.

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. The estimated useful lives of our assets by class are as follows:

Buildings	40 years
Building improvements	5-25 years
Tenant improvements	Shorter of economic life or lease term
Intangible lease assets	Lease term

Allocation of Purchase Price of Acquired Assets

Upon the acquisition of real properties, we 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 our estimate of 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 we consider 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, including leasing commissions and other related costs. In estimating carrying costs, we include real estate taxes, insurance, and other operating expenses during the expected lease-up periods based on current market conditions.

The fair values of above-market and below-market in-place leases are recorded based on the present value (using a discount rate that 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 market rates for the corresponding in-place leases, measured over a period equal to the remaining terms 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 that 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 our 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 expense over the remaining terms of the respective leases.

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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 would 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 of 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 that suggest 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 decrease the carrying value of the real estate and related intangible assets to the estimated fair values, as defined by Statement of Financial Accounting Standards No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*, and recognize an impairment loss. Estimated fair values are calculated based on the following information, in order of preference, dependent upon availability: (i) recently quoted market prices, (ii) market prices for comparable properties, or (iii) the present value of undiscounted cash flows, including estimated salvage value. We have determined that there has been no impairment in the carrying value of our real estate assets to date.

Projections of expected future operating cash flows require that we estimate future market rental income amounts subsequent to the expiration of current lease agreements, property operating expenses, the number of months it takes to re-lease the property, and the number of years the property is held for investment, among other factors. The subjectivity of assumptions used in the future cash flow analysis, including discount rates, could result in an incorrect assessment of the property's fair value and could result in the misstatement of the carrying value of our real estate and related intangible assets and net income.

Related Parties

Transactions and Agreements

We have entered into agreements with our advisor, Wells Capital, and its affiliates, whereby we pay certain fees and reimbursements to Wells Capital or its affiliates, for acquisition fees, commissions, dealer-manager fees, asset and property management fees, construction fees, reimbursement of organizational and offering costs, and reimbursement of operating costs. See Note 8 to our accompanying consolidated financial statements included herein for a discussion of the various related-party transactions, agreements, and fees.

Legal Actions Against Related Parties

On March 12, 2007, a stockholder of Piedmont Office Realty Trust, Inc., formerly known as Wells Real Estate Investment Trust, Inc. (referenced herein as Piedmont REIT) filed a putative class action and derivative complaint, styled *Washtenaw County Employees Retirement System v. Wells Real Estate Investment Trust, Inc., et al.*, in the United States District Court for the District of Maryland against, among others, Piedmont REIT, our advisor, certain affiliates of Wells Real Estate Funds, Inc. (WREF) and certain of our officers and directors who formerly served as officers or directors of Piedmont REIT prior to the closing of the internalization transaction on April 16, 2007. The complaint alleges, among other things, violations of the federal proxy rules and breaches of fiduciary duty arising from the Piedmont REIT internalization transaction and the related proxy statement filed with the SEC on February 26, 2007, as amended. The complaint seeks, among other things, unspecified monetary damages and nullification of the Piedmont REIT internalization transaction. On April 9, 2007, the District Court denied the plaintiff's motion for an order enjoining the internalization transaction. On April 17, 2007, the Court granted the defendants' motion to transfer venue to the United States District Court for the Northern District of Georgia, and the case was docketed in the Northern District of Georgia on April 24, 2007. On June 7, 2007, the court granted a motion to designate the class lead plaintiff and class co-lead counsel. On June 27, 2007, the plaintiff filed an amended complaint, which attempts to assert class action claims on behalf of those persons who received and were entitled to vote on the Piedmont REIT proxy statement filed with the SEC on February 26, 2007 and derivative claims on behalf of Piedmont REIT. On July 9, 2007, the court denied the plaintiff's motion for expedited discovery related to an anticipated motion for a preliminary injunction. On August 13, 2007, the defendants filed a motion to dismiss the amended complaint. The motion to dismiss has been fully briefed and is currently pending before the court. Our advisor and officers and directors

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who are named in the complaint intend to vigorously defend this action. Any financial loss incurred by Wells Capital, Wells Management Company, Inc., or their affiliates could hinder their ability to successfully manage our operations and our portfolio of investments.

On August 24, 2007, two stockholders of Piedmont REIT, filed a putative derivative complaint styled *Donald and Donna Goldstein, Derivatively on behalf of Defendant Wells Real Estate Investment Trust, Inc. v. Leo F. Wells, III, et. al.*, in the Superior Court of Fulton County, Georgia, on behalf of Piedmont REIT against, among others, our advisor, certain affiliates of WREF and certain of our officers and directors who formerly served as officers and directors of Piedmont REIT prior to the closing of the Piedmont REIT internalization transaction on April 16, 2007. The complaint alleges, among other things, that the consideration paid by Piedmont REIT as part of the internalization transaction was excessive; that the defendants breached their fiduciary duties to Piedmont REIT; and that the internalization transaction unjustly enriched the defendants. The complaint seeks, among other things, a judgment declaring that the defendants have committed breaches of their fiduciary duties and were unjustly enriched at the expense of Piedmont REIT; monetary damages equal to the amount by which Piedmont REIT has been damaged by the defendants; an order awarding Piedmont REIT restitution from the defendants and ordering disgorgement of all profits and benefits obtained by the defendants from their wrongful conduct and fiduciary breaches; an order rescinding the internalization transaction; and the establishment of a constructive trust upon any benefits improperly received by the defendants as a result of their wrongful conduct. On October 19, 2007, the court granted the defendants' motion for a protective order staying discovery until the court rules on the defendants' motion to dismiss the complaint. On October 31, 2007, the defendants filed their motion to dismiss the plaintiffs' derivative complaint, which is currently pending before the Court. Our advisor and officers and directors who are named in the complaint intend to vigorously defend this action. Any financial loss incurred by Wells Capital or its affiliates could hinder their ability to successfully manage our operations and our portfolio of investments.

Commitments and Contingencies

We are subject to certain commitments and contingencies with regard to certain transactions. Refer to Note 6 of our accompanying consolidated financial statements for further explanation. Examples of such commitments and contingencies include:

Property under construction

Property under contract

Commitments under existing lease agreements; and

Litigation.

Share Redemption Program

Our board of directors approved an amendment to the share redemption program (SRP), which became effective September 7, 2007. The amendment obligates us to honor all redemption requests that are made within two years following the death of a stockholder. The redemption limits set forth in the SRP are summarized below:

We will not make an Ordinary Redemption (those that do not occur within two years of death or qualifying disability) until one year after the issuance of the share to be redeemed.

We will not redeem shares on any redemption date to the extent that such redemptions would cause the amount paid for Ordinary Redemptions since the beginning of the then-current calendar year to exceed 50% of the net proceeds from the sale of shares under our dividend reinvestment plan during such period.

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We will limit Ordinary Redemptions and those upon the qualifying disability of a stockholder so that the aggregate of such redemptions during any calendar year do not exceed:

100% of the net proceeds from our dividend reinvestment plan during the calendar year or

5% of the weighted-average number of shares outstanding in the prior calendar year.

Under the terms of our Corporate Governance Guidelines, until our board of directors decides to commence a liquidation of Wells REIT II, we may not amend the SRP in a way that materially adversely affects the rights of redeeming heirs without the approval of our stockholders.

In June 2006, we entered into an insurance agreement with an affiliate of London Life and Casualty Reinsurance Corporation to provide us with an insurance-backed funding source for the redemption of the shares under our share

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redemption program in the event we receive an unusually large number of redemption requests due to the death of investors. The insurance proceeds will be paid to us after a quarterly adjusted deductible, currently \$17.1 million for the quarter ending September 30, 2007, is met. The deductible adjusts with additional investment proceeds raised and with the changing demographics of our stockholder base (age, gender, etc.). The maximum dollar value of proceeds that we can collect under the insurance agreement is \$6.0 billion in aggregate or \$5.0 million for any individual redemption request. The insurance agreement has a 10-year term unless it expires earlier upon the occurrence of one of the following liquidity events: (i) the listing of our shares on a national exchange, (ii) our liquidation, or (iii) the acquisition of a majority of our shares by an unaffiliated entity or a merger in which we are not the surviving entity. Under our Corporate Governance Guidelines, we must seek the approval of our stockholders prior to terminating this insurance program.

Subsequent Events

Subsequent to September 30, 2007, we sold additional shares of common stock as more fully explained in this supplement no. 4 under the heading Status of Our Public Offerings. On October 2, 2007, we acquired Wells International RE II Limited as described under the heading Acquisition of Wells International RE II. On November 5, 2007, we acquired the 25 Avenue West Buildings as described under the heading Acquisition of the 25 Avenue West Buildings.

Experts

The Statement of Certain Operating Expenses Over Revenues of the Pasadena Corporate Park Buildings and the Statement of Revenues Over Certain Operating Expenses of the 222 East 41st Street Building for the year ended December 31, 2006 appearing in this supplement have been audited by Frazier & Deeter, LLC, independent registered public accounting firm, 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.

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(in thousands, except share and per-share amounts)

	(Unaudited)	
	September 30,	December 31,
	2007	2006
Assets:		
Real estate assets, at cost:		
Land	\$ 488,263	\$ 370,971
Buildings and improvements, less accumulated depreciation of \$123,089 and \$79,175 as of September 30, 2007 and December 31, 2006, respectively	2,342,143	1,922,523
Intangible lease assets, less accumulated amortization of \$162,345 and \$106,147 as of September 30, 2007 and December 31, 2006, respectively	607,754	458,917
Construction in progress	8,889	420
Total real estate assets	3,447,049	2,752,831
Cash and cash equivalents	33,272	46,100
Tenant receivables, net of allowance for doubtful accounts of \$1,797 and \$1,548 as of September 30, 2007 and December 31, 2006, respectively	68,621	53,372
Prepaid expenses and other assets	50,015	35,554
Deferred financing costs, less accumulated amortization of \$2,349 and \$1,535 as of September 30, 2007 and December 31, 2006, respectively	4,142	3,184
Deferred lease costs, less accumulated amortization of \$84,144 and \$52,906 as of September 30, 2007 and December 31, 2006, respectively	359,189	319,184
Investment in bonds	78,000	78,000
Total assets	\$ 4,040,288	\$ 3,288,225
Liabilities:		
Line of credit and notes payable	\$ 983,051	\$ 774,523
Accounts payable, accrued expenses, and accrued capital expenditures	46,896	41,817
Due to affiliates	3,973	13,977
Dividends payable	8,665	7,317
Deferred income	12,821	9,138
Intangible lease liabilities, less accumulated amortization of \$18,020 and \$10,638 as of September 30, 2007 and December 31, 2006, respectively	112,179	92,343
Obligations under capital leases	78,000	78,000
Total liabilities	1,245,585	1,017,115
Commitments and Contingencies		
Minority Interest	3,068	3,090
Redeemable Common Stock	609,518	
Stockholders Equity:		
Common stock, \$0.01 par value; 900,000,000 shares authorized; 353,992,554 and 280,119,233 shares issued and outstanding as of September 30, 2007 and December 31, 2006, respectively	3,540	2,801
Additional paid-in capital	3,154,840	2,491,817
Cumulative distributions in excess of earnings	(365,605)	(225,549)

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Redeemable common stock	(609,518)	
Other comprehensive loss	(1,140)	(1,049)
Total stockholders' equity	2,182,117	2,268,020
Total liabilities, minority interest, redeemable common stock, and stockholders' equity	\$ 4,040,288	\$ 3,288,225

See accompanying notes.

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Table of Contents**WELLS REAL ESTATE INVESTMENT TRUST II, INC.****CONSOLIDATED STATEMENTS OF OPERATIONS**

(in thousands, except per-share amounts)

	(Unaudited)		(Unaudited)	
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2007	2006	2007	2006
Revenues:				
Rental income	\$ 82,794	\$ 59,446	\$ 232,136	\$ 174,185
Tenant reimbursements	20,271	13,287	61,262	40,657
Hotel income	6,989	7,426	18,552	17,811
Other rental income	751		2,762	77
	110,805	80,159	314,712	232,730
Expenses:				
Property operating costs	35,140	22,266	98,088	65,272
Hotel operating costs	4,894	5,483	13,835	13,479
Asset and property management fees:				
Related-party	7,140	5,170	19,816	14,806
Other	1,142	1,183	3,877	3,560
Depreciation	15,796	11,937	44,087	33,846
Amortization	28,883	20,475	86,292	59,988
General and administrative	4,623	2,919	12,581	8,807
	97,618	69,433	278,576	199,758
Real estate operating income	13,187	10,726	36,136	32,972
Other income (expense):				
Interest expense	(12,572)	(9,415)	(34,682)	(30,755)
Loss on early extinguishment of debt				(1,115)
Gain (loss) on interest rate swaps	(5,481)	(30)	(5,496)	33
Interest and other income	2,834	1,848	7,130	5,526
	(15,219)	(7,597)	(33,048)	(26,311)
Income (loss) before minority interest and income tax expense	(2,032)	3,129	3,088	6,661
Minority interest in earnings of consolidated entities	(21)	(204)	(39)	(580)
Income (loss) before income tax expense	(2,053)	2,925	3,049	6,081
Income tax expense	(400)	(288)	(436)	(239)
Net income (loss)	\$ (2,453)	\$ 2,637	\$ 2,613	\$ 5,842
Per share information basic and diluted:				
Net income (loss) per-share	\$ (0.01)	\$ 0.01	\$ 0.01	\$ 0.03
Weighted-average common shares outstanding basic and diluted	342,924	247,285	317,232	226,983

See accompanying notes.

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WELLS REAL ESTATE INVESTMENT TRUST II, INC.
 CONSOLIDATED STATEMENTS OF STOCKHOLDERS EQUITY
 FOR THE YEAR ENDED DECEMBER 31, 2006
 AND THE NINE MONTHS ENDED SEPTEMBER 30, 2007 (UNAUDITED)

(in thousands, except per-share amounts)

	Common Stock		Additional Paid-In Capital	Cumulative Distributions in Excess of Earnings	Redeemable Common Stock	Other Comprehensive Loss	Total Stockholders Equity
	Shares	Amount					
Balance, December 31, 2005	197,403	\$ 1,974	\$ 1,752,162	\$ (94,382)	\$	\$	\$ 1,659,754
Issuance of common stock	86,526	865	864,395				865,260
Redemptions of common stock	(3,810)	(38)	(36,236)				(36,274)
Dividends (\$0.60 per share)				(142,435)			(142,435)
Commissions and discounts on stock sales and related dealer-manager fees			(77,814)				(77,814)
Other offering costs			(10,690)				(10,690)
Components of comprehensive income:							
Net income				11,268			11,268
Market value adjustment to interest rate swap						(1,049)	(1,049)
Comprehensive income							10,219
Balance, December 31, 2006	280,119	2,801	2,491,817	(225,549)		(1,049)	2,268,020
Adjustment resulting from the adoption of FIN 48 (Note 2)				(410)			(410)
Balance, January 1, 2007	280,119	2,801	2,491,817	(225,959)		(1,049)	2,267,610
Issuance of common stock	78,034	780	779,555				780,335
Redemptions of common stock	(4,160)	(41)	(39,410)				(39,451)
Redeemable common stock					(609,518)		(609,518)
Dividends (\$0.45 per share)				(142,259)			(142,259)
Commissions and discounts on stock sales and related dealer-manager fees			(69,783)				(69,783)
Other offering costs			(7,339)				(7,339)
Components of comprehensive income:							
Net income				2,613			2,613
Market value adjustment to interest rate swap						(91)	(91)
Comprehensive income							2,522
Balance, September 30, 2007	353,993	\$ 3,540	\$ 3,154,840	\$ (365,605)	\$ (609,518)	\$ (1,140)	\$ 2,182,117

See accompanying notes.

Table of Contents**WELLS REAL ESTATE INVESTMENT TRUST II, INC.****CONSOLIDATED STATEMENTS OF CASH FLOWS**

(in thousands)

	(unaudited)	
	Nine Months Ended September 30,	
	2007	2006
Cash Flows from Operating Activities:		
Net income	\$ 2,613	\$ 5,842
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	44,087	33,846
Other amortization	96,850	70,396
Loss on interest rate swap	5,496	
Non-cash interest expense	4,649	1,354
Loss on early extinguishment of debt		1,115
Minority interest in earnings of consolidated entities	39	580
Changes in assets and liabilities:		
Increase in tenant receivables, net	(15,404)	(19,330)
(Increase) decrease in prepaid expenses and other assets	(8,483)	3,161
Increase in accounts payable and accrued expenses	9,025	7,169
Decrease in due to affiliates	(5,686)	(2,079)
Increase in deferred income	3,683	71
Net cash provided by operating activities	136,869	102,125
Cash Flows from Investing Activities:		
Investment in real estate and earnest money paid	(837,107)	(401,916)
Proceeds from master leases	1,385	6,040
Acquisition fees paid	(18,007)	(14,677)
Deferred lease costs paid	(16,441)	(3,708)
Net cash used in investing activities	(870,170)	(414,261)
Cash Flows from Financing Activities:		
Deferred financing costs paid	(1,868)	(840)
Proceeds from line of credit and notes payable	498,036	450,654
Repayments of line of credit and notes payable	(293,272)	(536,934)
Prepayment penalty on early extinguishment of debt		(5,734)
Distributions paid to minority interest partners	(61)	(101)
Issuance of common stock	774,470	630,463
Redemptions of common stock	(42,864)	(24,424)
Dividends paid to stockholders	(140,911)	(100,561)
Commissions on stock sales and related dealer-manager fees paid	(64,102)	(52,571)
Other offering costs paid	(8,955)	(10,220)
Net cash provided by financing activities	720,473	349,732
Net increase (decrease) in cash and cash equivalents	(12,828)	37,596
Cash and cash equivalents, beginning of period	46,100	35,352
Cash and cash equivalents, end of period	\$ 33,272	\$ 72,948

See accompanying notes.

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WELLS REAL ESTATE INVESTMENT TRUST II, INC.

CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2007

(unaudited)

1. Organization

Wells Real Estate Investment Trust II, Inc. (Wells REIT II) is a Maryland corporation that has elected to be taxed as a real estate investment trust (REIT) for federal income tax purposes. Wells REIT II engages in the acquisition and ownership of commercial real estate properties, including properties that are under construction, are newly constructed, or have operating histories. Wells REIT II was incorporated on July 3, 2003 and commenced operations on January 22, 2004. Wells REIT II conducts business primarily through Wells Operating Partnership II, L.P. (Wells OP II), a Delaware limited partnership. Wells REIT II is the sole general partner of Wells OP II and possesses full legal control and authority over the operations of Wells OP II. Wells REIT II owns more than 99.9% of the equity interests in Wells OP II. Wells Capital, Inc. (Wells Capital), the external advisor to Wells REIT II, is the sole limited partner of Wells OP II. Wells OP II acquires, develops, owns, leases, and operates real properties directly, through wholly owned subsidiaries or through joint ventures. References to Wells REIT II herein shall include Wells REIT II, all subsidiaries of Wells REIT II, including consolidated joint ventures, Wells OP II, and Wells OP II 's subsidiaries. See Note 8 for a discussion of the advisory services provided by Wells Capital.

As of September 30, 2007, Wells REIT II owned interests in 55 office properties, one industrial building, one hotel, and one office property under construction, comprising approximately 16.8 million square feet of commercial space located in 20 states and the District of Columbia. Fifty-two of the properties are wholly owned and six are owned through consolidated joint ventures. As of September 30, 2007, the office and industrial properties were approximately 98% leased.

On December 1, 2003, Wells REIT II commenced its initial public offering of up to 785.0 million shares of common stock, of which 185.0 million shares were reserved for issuance through Wells REIT II 's dividend reinvestment plan, pursuant to a Registration Statement filed on Form S-11 under the Securities Act of 1933. Except for continuing to offer shares for sale through its dividend reinvestment plan, Wells REIT II stopped offering shares for sale under its initial public offering on November 26, 2005. Wells REIT II raised gross offering proceeds of approximately \$2.0 billion from the sale of approximately 197.1 million shares under its initial public offering, including shares sold under the dividend reinvestment plan through March 2006. On November 10, 2005, Wells REIT II commenced a follow-on offering of up to 300.6 million shares of common stock, of which 0.6 million shares were reserved for issuance under Wells REIT II 's dividend reinvestment plan, pursuant to a Registration Statement filed on Form S-11 under the Securities Act of 1933. On April 14, 2006, Wells REIT II amended the aforementioned registration statements to offer in a combined prospectus 300.6 million shares registered under the follow-on offering and 174.4 million unsold shares related to the dividend reinvestment plan originally registered under the initial public offering. As of September 30, 2007, Wells REIT II had raised gross offering proceeds of approximately \$1.7 billion from the sale of approximately 166.5 million shares under the follow-on offering.

As of September 30, 2007, Wells REIT II has raised gross offering proceeds from the sale of common stock under the initial public offering and follow-on offering of approximately \$3.7 billion. After deductions from such gross offering proceeds for payments of acquisition fees of approximately \$72.4 million, selling commissions and dealer-manager fees of approximately \$335.9 million, other organization and offering expenses of approximately \$50.4 million, and common stock redemptions of approximately \$96.4 million under the share redemption program, Wells REIT II had received aggregate net offering proceeds of approximately \$3.1 billion. Substantially all of Wells REIT II 's net offering proceeds have been invested in real properties and related assets.

On July 9, 2007, Wells REIT II filed a registration statement with the SEC to register 375,000,000 shares of its common stock, of which up to 300,000,000 shares are to be offered in a primary offering for \$10 per share, with volume discounts available to investors who purchase more than 50,000 shares at any one time. As described in the registration statement, discounts may also be available for other categories of purchasers. The remaining 75,000,000 shares of common stock are to be offered under Wells REIT II 's amended and restated dividend reinvestment plan at

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a purchase price equal to the higher of \$9.55 per share or 95% of the estimated value of a share of its common stock. Wells REIT II has not issued any shares under the aforementioned registration statement as it has not been declared effective by the SEC. Wells REIT II does not expect to commence an offering under the aforementioned registration statement until the earlier of the date Wells REIT II sells all the shares available for sale in its current offering or November 10, 2008.

Wells REIT II's stock is not listed on a public securities exchange. However, Wells REIT II's charter requires that in the event Wells REIT II's stock is not listed on a national securities exchange by October 2015, Wells REIT II must either seek stockholder approval of an extension or amendment of this listing deadline or stockholder approval to begin liquidating investments and distributing the resulting proceeds to the stockholders. In the event that Wells REIT II seeks stockholder approval for an extension or amendment to this listing date and does not obtain it, Wells REIT II will then be required to seek stockholder approval to liquidate. In this circumstance, if Wells REIT II seeks and does not obtain approval to liquidate, Wells REIT II will not be required to list or liquidate and could continue to operate indefinitely as an unlisted company.

2. Summary of Significant Accounting Policies

Basis of Presentation

The consolidated financial statements of Wells REIT II have been prepared in accordance with the rules and regulations of the Securities and Exchange Commission (SEC), including the instructions to Form 10-Q and Article 10 of Regulation S-X, and do not include all of the information and footnotes required by U.S. generally accepted accounting principles (GAAP) for complete financial statements. In the opinion of management, the statements for these unaudited interim periods presented include all adjustments, which are of a normal and recurring nature, necessary for a fair and consistent presentation of the results for such periods. Results for these interim periods are not necessarily indicative of a full year's results. Wells REIT II's consolidated financial statements include the accounts of Wells REIT II, Wells OP II, and a variable interest entity in which Wells REIT II is the primary beneficiary. For further information, refer to the financial statements and footnotes included in Wells REIT II's Annual Report on Form 10-K for the year ended December 31, 2006.

Redeemable Common Stock

As of September 30, 2007, Wells REIT II's share redemption program provided that Wells REIT II will honor all redemption requests made within two years following the death of a stockholder. Wells REIT II is party to an agreement under which an affiliate of London Life and Casualty Reinsurance Corporation will provide an insurance-backed funding source for the redemption of shares under its share redemption program in the event Wells REIT II receives an unusually large number of redemption requests due to the death of investors (the Insurance Agreement). As the decision to honor redemptions sought within two years following the death of a stockholder is outside of the control of Wells REIT II, and the Insurance Agreement provides Wells REIT II with the ability to fund all of such redemptions, the present value of the future estimated deductible amounts under the Insurance Agreement are recorded as redeemable common stock in the temporary equity section of the accompanying consolidated balance sheet.

In addition, Wells REIT II is required to honor redemptions other than those sought within two years following the death of a stockholder up to the amount of proceeds raised in the current calendar year under the dividend reinvestment plan. Accordingly, the amount of proceeds raised under the dividend reinvestment plan, less redemptions funded in the current calendar year, is also recorded as redeemable common stock in the temporary equity section of the accompanying consolidated balance sheet.

Further, upon being tendered for redemption by the holder, Wells REIT II reclassifies redeemable common shares from temporary equity to a liability at settlement value. As of September 30, 2007 and December 31, 2006, shares tendered for redemption and not yet redeemed of approximately \$0.4 million and approximately \$3.9 million, respectively, are included in accounts payable, accrued expenses, and accrued capital expenditures in the accompanying consolidated balance sheets.

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Income Taxes

Wells REIT II has elected to be taxed as a REIT under the Internal Revenue Code of 1986 (the Code), as amended, and has operated as such beginning with its taxable year ended December 31, 2003. To qualify as a REIT, Wells REIT II must meet certain organizational and operational requirements, including a requirement to distribute at least 90% of its adjusted taxable income, as defined in the Code, to its stockholders. As a REIT, Wells REIT II generally is not subject to income tax on income it distributes to stockholders. Wells REIT II is subject to certain state and local taxes related to the operations of properties in certain locations, which have been provided for in the accompanying consolidated financial statements.

Wells TRS II, LLC (Wells TRS), is a wholly owned subsidiary of Wells REIT II and is organized as a Delaware limited liability company, which owns, among other things, a full-service hotel. Wells REIT II has elected to treat Wells TRS as a taxable REIT subsidiary. Wells REIT II may perform additional, non-customary services for tenants of buildings owned by Wells REIT II through Wells TRS, including any real estate or non-real estate related services; however, any earnings related to such services are subject to federal and state income taxes. In addition, for Wells REIT II to continue to qualify as a REIT, Wells REIT II's investments in taxable REIT subsidiaries cannot exceed 20% of the value of the total assets of Wells REIT II. Deferred tax assets and liabilities are established for temporary differences between the financial reporting basis and the tax basis of assets and liabilities at the enacted rates expected to be in effect when the temporary differences reverse.

Interest Rate Swap Agreements

Wells REIT II has entered into interest rate swap agreements to hedge its exposure to changing interest rates on variable rate debt instruments. Wells REIT II accounts for interest rate swap agreements in accordance with Statement of Financial Accounting Standards (SFAS) No. 133, *Accounting for Derivative Instruments and Hedging Activities*. Accordingly, the fair value of all interest rate swap agreements are included in either prepaid expenses and other assets or accounts payable, accrued expenses, and accrued capital expenditures in the accompanying consolidated balance sheets. The change in fair value of the effective portion of an interest rate swap agreement that is designated as a hedge is recorded as other comprehensive income (loss) in the accompanying consolidated statement of stockholders' equity. The changes in fair value of all other interest rate swap agreements are recorded as gain (loss) on interest rate swaps in the accompanying consolidated statements of operations. Net amounts received or paid under interest rate swap agreements are recorded as adjustments to interest expense as incurred.

Reclassifications

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

Recent Accounting Pronouncements

In July 2006, the Financial Accounting Standards Board (FASB) issued Interpretation No. 48, *Accounting for Uncertainty in Income Taxes, an interpretation of FASB Statement No. 109*, (FIN 48), which clarifies the relevant criteria and approach for the recognition, derecognition, and measurement of uncertain tax positions. Wells REIT II records interest and penalties related to uncertain tax positions as general and administrative expense in the accompanying consolidated statements of operations. Upon adopting FIN 48 effective January 1, 2007, Wells REIT II wrote-off deferred tax assets classified as prepaid expenses and other assets of approximately \$388,000 and recorded a liability for unrecognized tax benefits of approximately \$22,000 as reductions to the January 1, 2007 balance of cumulative distributions in excess of earnings. Wells REIT II does not currently anticipate the total amount of unrecognized tax benefits will significantly increase or decrease by the end of 2007. As of September 30, 2007, returns for the calendar years 2003 through 2006 remain subject to examination by U.S. or various state tax jurisdictions.

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements* (SFAS 157), which defines fair value, establishes a framework for measuring fair value, and expands disclosures required for fair value measurements under GAAP. SFAS 157 emphasizes that fair value is a market-based measurement, as opposed to a

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transaction-specific measurement. SFAS 157 will be effective for Wells REIT II beginning January 1, 2008. Wells REIT II is currently assessing the provisions and evaluating the financial impact of SFAS 157 on its consolidated financial statements.

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities* (SFAS 159). SFAS 159 permits entities to choose to measure many financial instruments and certain other items at fair value that are not currently required to be measured at fair value. SFAS 159 will be effective for Wells REIT II beginning January 1, 2008. Wells REIT II is currently assessing the provisions and evaluating the financial statement impact of SFAS 159 on its consolidated financial statements.

In June 2007, the American Institute of Certified Public Accountants (AICPA) issued Statement of Position (SOP) 07-1, *Clarification of the Scope of the Audit and Accounting Guide Investment Companies and Accounting by Parent Companies and Equity Method Investors for Investments in Investment Companies*, which provides guidance for determining which entities fall within the scope of the AICPA Audit and Accounting Guide for Investment Companies and requires additional disclosures for certain of those entities. In October 2007, the FASB elected to indefinitely defer the effective date of SOP 07-1. As such, Wells REIT II has postponed its evaluation of the provisions of SOP 07-1 and related impact on its consolidated financial statements and accompanying notes.

3. Real Estate Acquisitions

Summary

As of September 30, 2007, Wells REIT II owned interests in 58 properties as a result of acquiring the 7 properties described below during the third quarter of 2007, acquiring 2 properties during the first two quarters of 2007, acquiring 9 properties and completing construction of the LakePointe 3 building during the year ended December 31, 2006, and acquiring 39 properties in prior periods.

Pasadena Corporate Park Buildings Acquisition

On July 11, 2007, Wells REIT II purchased two three-story office buildings and a single-story retail building containing approximately 265,000 aggregate rentable square feet located on an approximate 8.2-acre parcel of land at 3453, 3455, 3465 and 3475 East Foothill Boulevard in Pasadena, California for a purchase price of approximately \$116.0 million, exclusive of closing costs.

7031 Columbia Gateway Building Acquisition

On July 12, 2007, Wells REIT II purchased a five-story office building containing approximately 248,000 rentable square feet located on an approximate 14.6-acre parcel of land at 7031 Columbia Gateway Drive in Columbia, Maryland for a purchase price of approximately \$62.1 million, exclusive of closing costs.

Cranberry Woods Drive Land Acquisition

On August 1, 2007, Wells REIT II purchased an 83.4 acre parcel of land in Cranberry, Pennsylvania (the Cranberry Woods Drive Land) for approximately \$14.6 million, exclusive of closing costs. Wells REIT II also entered into a development agreement for the construction of three office buildings on the Cranberry Woods Drive Land. See Note 6 for a discussion of this development agreement.

222 E. 41st Street Building Acquisition

On August 17, 2007, Wells REIT II purchased a 25-story office building containing approximately 372,000 rentable square feet located at 222 E. 41st Street in New York, New York (the 222 E. 41st Street Building) for a purchase price of approximately \$319.8 million, exclusive of closing costs. The 222 E. 41st Street Building was acquired subject to a 49-year ground lease.

Table of Contents*Bannockburn Lake III Building*

On September 10, 2007, Wells REIT II purchased a three-story office building containing approximately 106,000 rentable square feet located on an approximate 10.2-acre parcel of land at 2355 Waukegan Road, Bannockburn, Illinois for a purchase price of approximately \$20.2 million, exclusive of closing costs.

1200 Morris Drive Building

On September 14, 2007, Wells REIT II purchased a three-story office building containing approximately 114,000 rentable square feet located on an approximate 11.7-acre parcel of land at 1200 Morris Drive, Wayne, Pennsylvania for a purchase price of approximately \$29.3 million, exclusive of closing costs and purchase price adjustments.

South Jamaica Street Buildings

On September 26, 2007, Wells REIT II purchased three four-story office buildings and one five-story office building containing approximately 478,000 aggregate rentable square feet located on an approximate 30.8-acre parcel of land at 9127, 9189, 9191 and 9193 South Jamaica Street, Englewood, Colorado for a purchase price of approximately \$138.5 million, exclusive of closing costs.

4. Line of Credit and Notes Payable

As of September 30, 2007 and December 31, 2006, Wells REIT II had the following indebtedness outstanding (in thousands):

	September 30,	December 31,
Facility	2007	2006
Wachovia Line of Credit	\$ 146,500	\$ 126,000
222 E. 41 st Street Building mortgage note	131,037	
100 East Pratt Street Building mortgage note	105,000	105,000
Wildwood Buildings mortgage note	90,000	90,000
5 Houston Center Building mortgage note	90,000	90,000
Manhattan Towers Building mortgage note	75,000	75,000
80 Park Plaza Building mortgage note	49,055	46,667
263 Shuman Boulevard Building mortgage note	49,000	
One West Fourth Street Building mortgage note	47,243	48,414
800 North Frederick Building mortgage note	46,400	46,400
SanTan Corporate Center mortgage note	39,000	39,000
Highland Landmark Building mortgage note	33,038	30,840
9 Technology Drive Building mortgage note	23,800	23,800
One and Four Robbins Road Buildings mortgage note	23,000	23,000
215 Diehl Road Building mortgage note	21,000	
Key Center Complex mortgage notes	13,978	13,375
LakePointe 3 construction loan		17,027
Total indebtedness	\$ 983,051	\$ 774,523

During the three months ended September 30, 2007, Wells REIT II engaged in the following significant activities with respect to its notes payable:

On August 16, 2007, Wells REIT II obtained a \$130.3 million loan secured by the 222 East 41st Street Building in favor of Anglo Irish Bank Corporation, PLC (Anglo Irish Bank), the proceeds of which were used to purchase the 222 East 41st Street Building (See Note 3). The note bears interest at LIBOR plus 120 basis points (approximately 6.953% per annum as of September 30, 2007); however, interest has been effectively fixed at 6.675% for the life of the loan through an interest rate swap agreement with Anglo Irish Bank. The note matures in August 2017. Interest is due monthly; however, under the terms of the loan agreement, monthly debt service amounts are added to the outstanding balance of the note over the term.

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Wells REIT II made interest payments, including amounts capitalized, of approximately \$26.6 million and \$26.3 million during the nine months ended September 30, 2007 and 2006, respectively. In addition, Wells REIT II paid a \$5.7 million penalty in January 2006 related to repaying the University Circle Buildings mortgage note, which is included in loss on early extinguishment of debt in the accompanying consolidated statements of operations.

Wells REIT II has a \$400.0 million unsecured revolving financing facility (the Wachovia Line of Credit) with a syndicate of banks led by Wachovia Bank, N.A., which expires May 9, 2008. As of September 30, 2007, Wells REIT II had borrowing capacity of up to approximately \$214.5 million remaining under the Wachovia Line of Credit.

5. Share Redemption Program

The board of directors of Wells REIT II approved an amendment to the share redemption program (SRP), which became effective September 7, 2007. The amendment obligates Wells REIT II to honor all redemption requests that are made within two years following the death of a stockholder. The redemption limits set forth in the amended SRP are summarized below:

Wells REIT II will not make an Ordinary Redemption (those that do not occur within two years of death or qualifying disability) until one year after the issuance of the shares to be redeemed.

Wells REIT II will not redeem shares on any redemption date to the extent that such redemptions would cause the amount paid for Ordinary Redemptions since the beginning of the then-current calendar year to exceed 50% of the net proceeds from the sale of shares under Wells REIT II s dividend reinvestment plan during such period.

Wells REIT II will limit Ordinary Redemptions and those upon the qualifying disability of a stockholder so that the aggregate of such redemptions during any calendar year do not exceed:

100% of the net proceeds from Wells REIT II s dividend reinvestment plan during the calendar year, or

5% of the weighted-average number of shares outstanding in the prior calendar year.

6. Commitments and Contingencies

Property Under Construction

On August 1, 2007, Wells REIT II executed a development agreement with an unrelated third party for the purpose of constructing three office buildings with an aggregate total of approximately 772,000 rentable square feet at 900 1100 Cranberry Woods Drive in Cranberry, Pennsylvania (the Cranberry Woods Drive Buildings). As of September 30, 2007, Wells REIT II had approximately \$157.8 million in costs remaining to be incurred under the agreement. The Cranberry Woods Drive Buildings are scheduled to be constructed in two phases, with the first phase (approximately 413,000 rentable square feet) scheduled to be completed in 2009 and the second phase (approximately 359,000 rentable square feet) to be completed in 2010. Upon completion of construction, the Cranberry Woods Drive Buildings will be entirely leased to Westinghouse Electric Company, LLC.

Three Glenlake Building

On August 10, 2007, Wells REIT II entered into a contribution agreement to acquire a 95% ownership interest in a joint venture that will own a 14-story office building currently under construction in Atlanta, Georgia (the Three Glenlake Building) for approximately \$100.6 million. In connection with the execution of this agreement, Wells REIT II paid an earnest money deposit of \$10.0 million, which will be applied as a credit towards Wells REIT II s \$100.6 million contribution due at closing, which is currently anticipated to be July 2008. The Three Glenlake

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Building, which is expected to be completed in April 2008, will contain approximately 356,000 rentable square feet and will be entirely leased to Newell Rubbermaid Inc. at rental rates to be determined based upon total construction costs.

Commitments Under Existing Lease Agreements

Certain lease agreements include provisions that, at the option of the tenant, may obligate Wells REIT II to expend capital to expand an existing property or provide other expenditures for the benefit of the tenant. As of September 30, 2007, no tenants have exercised such options that had not been materially satisfied.

Litigation

Wells REIT II is from time to time a party to legal proceedings that arise in the ordinary course of its business. Wells REIT II is not currently involved in any legal proceedings of which the outcome is reasonably likely to have a material adverse effect on the results of operations or financial condition of Wells REIT II. Wells REIT II is not aware of any such legal proceedings contemplated by governmental authorities.

7. Supplemental Disclosures of Noncash Activities

Outlined below are significant noncash investing and financing transactions for the nine months ended September 30, 2007 and 2006 (in thousands):

	Nine Months Ended	
	September 30,	
	2007	2006
Investment in real estate funded with other assets	\$ 750	\$ 3,368
Acquisition fees applied to real estate assets	\$ 15,489	\$ 11,781
Other assets assumed upon acquisition of properties	\$	\$ 58
Other liabilities assumed upon acquisition of properties	\$ 1,786	\$ 965
Market value adjustment to interest rate swap	\$ 91	\$ 1,112
Proceeds from note payable in escrow	\$	\$ 2,112
Accrued capital expenditures and deferred lease costs	\$ 2,967	\$ 5,087
Acquisition fees due to affiliate	\$ 981	\$ 330
Accrued redemptions of common stock	\$ 440	\$ 8
Commissions on stock sales and related dealer-manager fees due to affiliate	\$ 868	\$ 789
Other offering costs due to affiliate	\$ 767	\$ 834
Dividends payable	\$ 8,665	\$ 6,310
Discounts applied to issuance of common stock	\$ 5,865	\$ 3,837
Redeemable common stock	\$ 609,518	\$ 33,156

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8. Related-Party Transactions and Agreements

Advisory Agreement

Wells REIT II and Wells Capital are party to an advisory agreement (the *Advisory Agreement*) under which Wells Capital receives the following fees and reimbursements:

Reimbursement of organization and offering costs paid by Wells Capital on behalf of Wells REIT II, not to exceed 2.0% of gross offering proceeds;

Acquisition fees of 2.0% of gross offering proceeds, subject to certain limitations; Wells REIT II also reimburses Wells Capital for expenses it pays to third parties in connection with acquisitions or potential acquisitions;

Monthly asset management fees equal to one-twelfth of 0.75% of the cost of (i) all properties of Wells REIT II and (ii) investments in joint ventures. The amount of these fees paid in any calendar quarter may not exceed 0.25% of the net asset value of those investments at each quarter-end after deducting debt used to acquire or refinance properties;

Reimbursement for all costs and expenses Wells Capital incurs in fulfilling its duties as the asset portfolio manager, including (i) wages and salaries and other employee-related expenses of Wells Capital's employees, who perform a full range of real estate services for Wells REIT II, including management, administration, operations, and marketing, and are billed to Wells REIT II based on the amount of time spent on Wells REIT II by such personnel, provided that such expenses are not reimbursed if incurred in connection with services for which Wells Capital receives a disposition fee (described below) or an acquisition fee, and (ii) amounts paid for IRA custodial service costs allocated to Wells REIT II accounts;

For any property sold by Wells REIT II, a disposition fee equal to 1.0% of the sales price, with the limitation that the total real estate commissions (including such disposition fee) for any Wells REIT II property sold may not exceed the lesser of (i) 6.0% of the sales price of each property or (ii) the level of real estate commissions customarily charged in light of the size, type, and location of the property;

Incentive fee of 10% of net sales proceeds remaining after stockholders have received distributions equal to the sum of the stockholders' 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.

Either party may terminate the Advisory Agreement without cause or penalty upon providing 60 days' prior written notice to the other. Under the terms of the Advisory Agreement, Wells REIT II is required to reimburse Wells Capital for certain organization and offering costs up to the lesser of actual expenses or 2% of gross equity proceeds raised. As of September 30, 2007, Wells REIT II has incurred and charged to additional paid-in capital cumulative other offering costs of approximately \$31.7 million related to the initial public offering and \$18.7 million related to the follow-on offering, which represents approximately 1.6% and 1.1% of cumulative gross proceeds raised by Wells REIT II under each offering, respectively.

Dealer-Manager Agreement

Wells REIT II is party to a Dealer-Manager Agreement with Wells Investment Securities, Inc. (*WIS*), whereby WIS, an affiliate of Wells Capital, performs the dealer-manager function for Wells REIT II. For these services, WIS earns a commission of up to 7% of the gross offering proceeds from the sale of the shares of Wells REIT II, of which a portion is re-allowed to participating broker dealers. Wells REIT II pays no

commissions on shares issued under its dividend reinvestment plan.

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Additionally, Wells REIT II is required to pay WIS a dealer-manager fee of 2.5% of the gross offering proceeds from the sale of Wells REIT II s stock at the time the shares are sold. Under the dealer-manager agreement, up to 1.5% of the gross offering proceeds may be reallocated by WIS to participating broker dealers. Wells REIT II pays no dealer-manager fees on shares issued under its dividend reinvestment plan.

Property Management, Leasing, and Construction Agreement

Wells REIT II and Wells Management Company, Inc. (Wells Management), an affiliate of Wells Capital, are party to a Master Property Management, Leasing, and Construction Agreement (the Management Agreement) under which Wells Management receives the following fees and reimbursements in consideration for supervising the management, leasing, and construction of certain Wells REIT II properties:

Property management fees in an amount equal to a percentage negotiated for each property managed by Wells Management of the gross monthly income collected for that property for the preceding month;

Leasing commissions for new, renewal, or expansion leases entered into with respect to any property for which Wells Management serves as leasing agent equal to a percentage as negotiated for that property of the total base rental and operating expenses to be paid to Wells REIT II during the applicable term of the lease, provided, however, that no commission shall be payable as to any portion of such term beyond ten years;

Initial lease-up fees for newly constructed properties under the agreement, generally equal to one month s rent;

Fees equal to a specified percentage of up to 5% of all construction build-out funded by Wells REIT II, given as a leasing concession, and overseen by Wells Management; and

Other fees as negotiated with the addition of each specific property covered under the agreement.

Related-Party Costs

Pursuant to the terms of the agreements described above, Wells REIT II incurred the following related-party costs for the three months and nine months ended September 30, 2007 and 2006, respectively (in thousands):

	Three Months Ended		Nine Months Ended	
	September 30, 2007	2006	September 30, 2007	2006
Commissions ⁽¹⁾	\$ 14,685	\$ 13,598	\$ 50,275	\$ 41,256
Asset management fees	6,515	4,940	18,545	14,345
Dealer-manager fees ⁽¹⁾	5,805	5,264	19,508	15,857
Acquisition fees ⁽²⁾	4,601	4,181	15,489	12,610
Administrative reimbursements	2,649	1,594	6,278	4,380
Other offering costs ⁽¹⁾	2,759	2,381	7,339	8,307
Property management fees	625	230	1,271	461
Construction fees				150
	\$ 37,639	\$ 32,188	\$ 118,705	\$ 97,366

(1) Commissions, dealer-manager fees, and other offering costs are charged against stockholders equity as incurred.

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(2) Acquisition fees are capitalized to prepaid expenses and other assets as incurred and allocated to properties upon using investor proceeds to fund acquisitions or repay debt used to finance property acquisitions.

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Wells REIT II incurred no related-party disposition fees, incentive fees, listing fees, or leasing commissions during the three months or nine months ended September 30, 2007 or 2006, respectively.

Due to Affiliates

The detail of amounts due to affiliates is provided below as of September 30, 2007 and December 31, 2006 (in thousands):

	September 30, 2007	December 31, 2006
Administrative reimbursements due to Wells Capital and/or Wells Management	\$ 1,206	\$ 1,586
Acquisition fees due to Wells Capital	981	3,499
Commissions and dealer-manager fees due to WIS	868	1,052
Other offering cost reimbursements due to Wells Capital	767	2,383
Asset and property management fees due to Wells Capital and/or Wells Management	151	5,457
	\$ 3,973	\$ 13,977

Economic Dependency

Wells REIT II has engaged Wells Capital and its affiliates, Wells Management and WIS, to provide certain services that are essential to Wells REIT II, including asset management services, supervision of the property management and leasing of some properties owned by Wells REIT II, asset acquisition and disposition services, the sale of shares of Wells REIT II's common stock, as well as other administrative responsibilities for Wells REIT II, including accounting services, stockholder communications, and investor relations. As a result of these relationships, Wells REIT II is dependent upon Wells Capital, Wells Management, and WIS.

Wells Capital, Wells Management, and WIS are owned and controlled by Wells Real Estate Funds, Inc. (WREF). The operations of Wells Capital, Wells Management, and WIS represent substantially all of the business of WREF. Accordingly, Wells REIT II focuses on the financial condition of WREF when assessing the financial condition of Wells Capital, Wells Management, and WIS. In the event that WREF were to become unable to meet its obligations as they become due, Wells REIT II might be required to find alternative service providers.

Future net income generated by WREF will be largely dependent upon the amount of fees earned by Wells Capital and Wells Management based on, among other things, the level of investor proceeds raised and the volume of future acquisitions and dispositions of real estate assets by Wells REIT II and other WREF-sponsored programs, as well as dividend income earned from equity interests in another REIT. In addition, WREF guarantees unsecured debt of \$160 million held by another WREF-sponsored product that is in the start-up phase of its operations. As of September 30, 2007, Wells REIT II believes that WREF is generating adequate cash flow from operations and has adequate liquidity available in the form of cash on hand and current receivables necessary to meet its current and future obligations as they become due.

9. Subsequent Events*Sale of Shares of Common Stock*

From October 1, 2007 through October 31, 2007, Wells REIT II raised approximately \$64.4 million through the issuance of approximately 6.4 million shares of common stock under its follow-on offering. As of October 31, 2007, approximately 142.9 million shares remained available for sale to the public under the follow-on offering, exclusive of shares available under Wells REIT II's dividend reinvestment plan.

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Dvintsev Business Center Tower B

On October 2, 2007, Well REIT II acquired Wells International RE II Limited (Wells International), a Cypriot corporation, for approximately \$32.0 million. Wells International RE II is party to a shared construction agreement with an unrelated third party for the development of a nine-story office tower in Moscow, Russia (Dvintsev Business Center Tower B). Construction of Dvintsev Business Center Tower B, which will contain approximately 136,000 rentable square feet, is expected to be completed in late 2008. Upon its completion, Wells International will acquire Dvintsev Business Center Tower B for a purchase price of approximately \$63.2 million towards which Wells International will receive a credit of \$32.0 million plus additional earnest money deposits made by Wells International during the construction phase.

On October 2, 2007, in anticipation of its future acquisition of Dvintsev Business Center Tower B, Wells International entered into a 7-year, unsecured, fixed-rate line of credit with Zenit Bank for 930.0 million Russian rubles (Zenit Bank Line). Prior to Wells International s acquisition of the Dvintsev Business Center Tower B, the Zenit Bank Line is unsecured and bears interest at a fixed rate of 11.61%. After Wells International acquires the Dvintsev Business Center Tower B, the Zenit Bank Line becomes secured and the fixed interest rate drops to 11.0%. As of October 31, 2007, no amounts have been drawn from the Zenit Bank line of credit. In connection with entering into the Zenit Bank Line, Wells REIT II entered into a foreign currency exchange agreement with Wachovia Bank, N.A., under which Wells REIT II will purchase 802.4 million Russian rubles at a fixed price of \$0.04 per Russian ruble from September 2008 through March 2009.

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INDEPENDENT AUDITORS' REPORT

To the Stockholders and Board of Directors

Wells Real Estate Investment Trust II, Inc.

Atlanta, Georgia

We have audited the accompanying statement of certain operating expenses over revenues of the Pasadena Corporate Park Buildings (the Buildings) for the year ended December 31, 2006. 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 U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Buildings' internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Buildings' internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying statement of certain operating expenses over revenues was prepared for the purpose of complying with the rules 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 certain operating expenses over revenues referred to above presents fairly, in all material respects, the revenues and certain operating expenses described in Note 2 of the Buildings for the year ended December 31, 2006 in conformity with U.S. generally accepted accounting principles.

/s/ Frazier & Deeter, LLC

Atlanta, Georgia

September 21, 2007

Table of Contents**Pasadena Corporate Park Buildings****Statements of Certain Operating Expenses Over Revenues****For the year ended December 31, 2006 (audited)****and the six months ended June 30, 2007 (unaudited)****(in thousands)**

	2007 <i>(Unaudited)</i>	2006
Revenues:		
Base rent	\$ 1,132	\$ 2,270
Tenant reimbursements	50	71
Other revenues	2	3
Total revenues	1,184	2,344
Expenses:		
Utilities	372	721
Real estate taxes	349	695
Cleaning	199	344
Insurance	147	285
Administrative	63	132
Other	192	279
Total expenses	1,322	2,456
Certain operating expenses over revenues	\$ (138)	\$ (112)

See accompanying notes.

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Pasadena Corporate Park Buildings

Notes to Statements of Certain Operating Expenses Over Revenues

For the year ended December 31, 2006 (audited)

and the six months ended June 30, 2007 (unaudited)

1. Description of Real Estate Property Acquired

On July 11, 2007, Wells Real Estate Investment Trust II, Inc. (Wells REIT II), through a wholly owned subsidiary, acquired the Pasadena Corporate Park Buildings (the Buildings), two three-story office buildings and a one-story retail building collectively containing approximately 265,000 rentable square feet located on approximately 8.2 acres in Pasadena, California from IndyMac Bank, Inc. (the Seller or IndyMac). Total consideration for the acquisition was approximately \$116.0 million, exclusive of closing costs. Wells REIT II is a Maryland corporation that engages in the acquisition and ownership of commercial real estate properties throughout the United States. Wells REIT II was incorporated on July 3, 2003 and has elected to be taxed as a real estate investment trust for federal income tax purposes.

2. Basis of Accounting

The accompanying statements of certain operating expenses over revenues 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 Buildings after their acquisition by Wells REIT II.

3. Significant Accounting Policies

Rental Revenues

The acquisition of the Buildings represents a partial sale-leaseback. The Seller occupies approximately 190,000 square feet of the Buildings. Prior to the acquisition of the Buildings by Wells REIT II, there was no lease in place for the Seller s space. Therefore, no base rent or tenant reimbursements attributable to the Seller s space is presented in the Statement of Certain Operating Expenses Over Revenues for the periods presented. The base rent and tenant reimbursements recognized in the Statement of Certain Operating Expenses Over Revenues represents revenue earned from the three tenants occupying the remaining space.

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 the lease terms is recorded as straight-line rent receivable. The adjustment to straight-line rent receivable increased rental revenue by approximately \$141,700 for the year ended December 31, 2006 and by approximately \$30,200 for the six months ended June 30, 2007.

Table of Contents**Pasadena Corporate Park Buildings****Notes to Statements of Certain Operating Expenses Over Revenues (continued)****For the year ended December 31, 2006 (audited)****and the six months ended June 30, 2007 (unaudited)***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

On July 11, 2007, Wells REIT II entered into a long-term lease agreement with IndyMac for approximately 71% of the Buildings' rentable square footage. Under the terms of the IndyMac lease, the tenant is required to reimburse to the landlord its proportionate share of the Buildings' operating expenses in excess of a fixed expense stop amount. Tetra Tech, Inc. ("Tetra Tech") leases approximately 27% of the Buildings' rentable square footage under a long-term lease that requires the tenant to reimburse to the landlord its proportionate share of the Buildings' operating expenses in excess of a base year. Tetra Tech contributed approximately 91% of the rental income for the year ended December 31, 2006 and the six months ended June 30, 2007. The remaining rentable square footage is leased to two retail tenants under lease agreements with terms that vary in length and with various reimbursement clauses.

5. Future Minimum Rental Commitments

At December 31, 2006, future minimum rental commitments for the years ended December 31 are as follows (in thousands):

2007	\$ 2,204
2008	2,204
2009	2,171
2010	2,269
2011	2,272
Thereafter	7,657
	\$ 18,777

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Pasadena Corporate Park Buildings

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

For the year ended December 31, 2006 (audited)

and the six months ended June 30, 2007 (unaudited)

Future minimum rents related to the IndyMac lease described above are as follows (in thousands):

2007	\$ 3,124
2008	6,659
2009	6,792
2010	6,928
2011	7,066
Thereafter	42,113
	\$ 72,682

Subsequent to July 11, 2007, IndyMac and Tetra Tech will contribute approximately 79% and 18%, respectively, of the future minimum rental income from the leases in place at that date.

7. Interim Unaudited Financial Information

The Statement of Certain Operating Expenses Over Revenues for the six months ended June 30, 2007 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.

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INDEPENDENT AUDITORS' REPORT

To the Stockholders and Board of Directors

Wells Real Estate Investment Trust II, Inc.

Atlanta, Georgia

We have audited the accompanying statement of revenues over certain operating expenses of 222 East 41st Street (the Building) for the year ended December 31, 2006. 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 U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Building's internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Building's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. 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 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 Building for the year ended December 31, 2006 in conformity with U.S. generally accepted accounting principles.

/s/ Frazier & Deeter, LLC

Atlanta, Georgia

October 31, 2007

Table of Contents222 East 41st Street**Statements of Revenues Over Certain Operating Expenses****For the year ended December 31, 2006 (audited)****and the six months ended June 30, 2007 (unaudited)****(in thousands)**

	2007	2006
	<i>(Unaudited)</i>	
Revenues:		
Base rent	\$ 10,730	\$ 20,881
Tenant reimbursements	1,154	3,114
Other revenues	60	130
Total revenues	11,944	24,125
Expenses:		
Real estate taxes	2,087	4,255
Utilities	1,093	2,261
Ground lease	1,063	2,126
Repairs and maintenance	433	972
Administrative	348	624
Cleaning	335	628
Security	264	547
Insurance	155	273
Total expenses	5,778	11,686
Revenues over certain operating expenses	\$ 6,166	\$ 12,439

See accompanying notes.

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222 East 41st Street

Notes to Statements of Revenues Over Certain Operating Expenses

For the year ended December 31, 2006 (audited)

and the six months ended June 30, 2007 (unaudited)

1. Description of Real Estate Property Acquired

On August 17, 2007, Wells Real Estate Investment Trust II, Inc. (Wells REIT II), through a wholly owned subsidiary, acquired 222 East⁴¹ Street (the Building), a 25-story office building containing approximately 372,000 rentable square feet located on approximately 0.5 acres in New York City, New York from Zeta-Ceres, L.P. (the Seller). Total consideration for the acquisition was approximately \$319.8 million, exclusive of closing costs. Wells REIT II purchased the Building subject to a ground lease that expires on February 28, 2051. Wells REIT II is a Maryland corporation that engages in the acquisition and ownership of commercial real estate properties throughout the United States. Wells REIT II was incorporated on July 3, 2003 and has elected to be taxed as a real estate investment trust for federal income tax purposes.

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 Building after its acquisition by Wells REIT II.

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 the lease terms is recorded as straight-line rent receivable. The adjustment to straight-line rent receivable increased rental revenue by approximately \$0.88 million for the year ended December 31, 2006 and decreased rental revenue by approximately \$0.03 million for the six months ended June 30, 2007.

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 Contents222 East 41st Street**Notes to Statements of Revenues Over Certain Operating Expenses (continued)****For the year ended December 31, 2006 (audited)****and the six months ended June 30, 2007 (unaudited)****4. Description of Leasing Arrangements**

The Building is approximately 97% leased, with Jones Day and Council of the European Union (Council of the EU) leasing approximately 90% of the Building's rentable square footage under long-term lease agreements. Jones Day and Council of the EU contributed approximately 84% and 9%, respectively, of rental income for the year ended December 31, 2006. Under the terms of the Jones Day and Council of the EU leases, each tenant is required to reimburse to the landlord its proportionate share of the Building's operating expenses in excess of a base year. The remaining rentable square footage is leased to various office tenants under lease agreements with terms that vary in length and with various reimbursement clauses.

5. Future Minimum Rental Commitments

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

2007	\$ 21,728
2008	21,993
2009	22,424
2010	22,425
2011	22,459
Thereafter	102,487
	\$ 213,516

Subsequent to December 31, 2006, Jones Day and Council of the EU will contribute approximately 88% and 6%, respectively, of the future minimum rental income from the leases in place at that date.

6. Ground Lease

During the year ended December 31, 2006 and the six months ended June 30, 2007, fee title to the land on which the Building is situated was held by a third party, which leased the land to the Seller. The Building recognized ground lease expense of approximately \$2.1 million for the year ended December 31, 2006 and approximately \$1.1 million for the six months ended June 30, 2007. The adjustment to the ground lease deferred rent payable increased ground rent expense by approximately \$1.1 million for the year ended December 31, 2006 and increased ground rent expense by approximately \$0.5 million for the six months ended June 30, 2007.

Table of Contents222 East 41st Street**Notes to Statements of Revenues Over Certain Operating Expenses (continued)****For the year ended December 31, 2006 (audited)****and the six months ended June 30, 2007 (unaudited)**

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

2007	\$ 1,125
2008	1,150
2009	1,150
2010	1,150
2011	1,150
Thereafter	117,035
	\$ 122,760

7. Interim Unaudited Financial Information

The statement of revenues over certain operating expenses for the six months ended June 30, 2007 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.

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SUPPLEMENTAL INFORMATION The prospectus of Wells Real Estate Investment Trust II, Inc. consists of this sticker, the prospectus dated April 24, 2007, supplement no. 1 dated May 3, 2007, supplement no. 2 dated May 16, 2007, supplement no. 3 dated August 21, 2007 and supplement no. 4 dated November 15, 2007.

Supplement no. 1 included:

information regarding a revision to suitability standards in Kansas.

Supplement no. 2 includes:

the status of our public offerings;

information regarding our indebtedness;

Management's Discussion and Analysis of Financial Condition and Results of Operations similar to that filed in our Quarterly Report on Form 10-Q for the three months ended March 31, 2007, filed on May 10, 2007; and

our unaudited financial statements as of and for the three months ended March 31, 2007.

Supplement no. 3 includes:

the status of our public offerings;

the acquisition of two office buildings and one retail building containing approximately 265,000 aggregate rentable square feet located on an 8.2-acre parcel of land in Pasadena, California;

the acquisition of a five-story office building containing approximately 248,000 rentable square feet located on a 14.6-acre parcel of land in Columbia, Maryland;

the acquisition of an 83.4-acre parcel of land in Cranberry, Pennsylvania;

the acquisition of a 25-story office building containing approximately 372,000 rentable square feet located on a 0.5-acre parcel of land in New York, New York;

information regarding our indebtedness;

Management's Discussion and Analysis of Financial Condition and Results of Operations similar to that filed in our Quarterly Report on Form 10-Q for the three and six months ended June 30, 2007, filed on August 8, 2007; and

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our unaudited financial statements as of and for the three and six months ended June 30, 2007 as filed in our Quarterly Report on Form 10-Q, filed on August 8, 2007.

Supplement no. 4 includes:

the status of our public offerings;

information regarding revisions to suitability standards in Iowa, Kansas and New Mexico;

the acquisition of a three-story office building containing approximately 106,000 rentable square feet located on a 10.2-acre parcel of land in Bannockburn, Illinois;

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the acquisition of a three-story office building containing approximately 114,000 rentable square feet located on an 11.7-acre parcel of land in Wayne, Pennsylvania;

the acquisition of one five-story office building and three four-story office buildings containing approximately 478,000 aggregate rentable square feet located on a 30.8-acre of land in Englewood, Colorado;

the acquisition of Wells International RE II Limited, a Cypriot corporation, for the purpose of acquiring a nine-story office tower in Moscow, Russia currently under construction;

the acquisition of two 2-story office buildings containing approximately 156,000 aggregate rentable square feet located on a 8.75-acre parcel of land in Lynwood, Washington;

information regarding our indebtedness;

Management's Discussion and Analysis of Financial Condition and Results of Operations similar to that filed in our Quarterly Report on Form 10-Q for the three and nine months ended September 30, 2007, filed on November 7, 2007;

our unaudited financial statements as of and for the three and nine months ended September 30, 2007 as filed in our Quarterly Report on Form 10-Q, filed on November 7, 2007;

audited financial statements of certain property acquisitions since July 11, 2007, as reported in supplement no. 3.