WELLS REAL ESTATE INVESTMENT TRUST II INC
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WELLS REAL ESTATE INVESTMENT TRUST II, INC.

SUPPLEMENT NO. 3 DATED AUGUST 21, 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 and supplement no. 2 dated May 16, 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;
- 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
- 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.

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 August 17, 2007, we had received gross offering proceeds of approximately $1.5 billion from the sale of approximately 155.3 million shares in this follow-on offering, including dividend reinvestment plan shares sold under the combined prospectus.

As of August 17, 2007, we had received aggregate gross offering proceeds of approximately $3.5 billion from the sale of approximately 352.4 million shares in our public offerings. After incurring approximately $70.2 million in acquisition fees, approximately $326.8 million in selling commissions and dealer-manager fees, approximately $48.6 million in other organization and offering expenses, and funding common stock redemptions of approximately $86.3 million pursuant to the share redemption program, as of August 17, 2007, we had raised aggregate net offering proceeds available for investment in properties of approximately $3.0 billion, substantially all of which had been invested in real estate properties.

Acquisition of the Pasadena Corporate Park Buildings

On July 11, 2007, we purchased two three-story office buildings and a one-story retail building collectively containing approximately 265,000 rentable square feet (the Pasadena Corporate Park Buildings) for approximately $116.0 million, exclusive of closing costs. The acquisition was funded with net proceeds raised from this offering. The Pasadena Corporate Park Buildings are located on approximately 8.2 acres of land located at 3453 3475 East Foothill Boulevard in Pasadena, California. The Pasadena Corporate Park Buildings were purchased from IndyMac Bank, F.S.B. (the Seller), which is not affiliated with us or Wells Capital, Inc. (Wells Capital).

The Pasadena Corporate Park Buildings are leased to IndyMac Bank (IndyMac) (approximately 71%), Tetra Tech, Inc. (Tetra Tech) (approximately 27%) and two retail tenants (approximately 2%). The current aggregate annual base rent for IndyMac, Tetra Tech and the other two tenants of the Pasadena Corporate Park Buildings is approximately $8.8 million. The current weighted-average remaining lease term for IndyMac, Tetra Tech and the other two tenants of the Pasadena Corporate Park Buildings is approximately 10 years.

IndyMac is the seventh largest savings and loan and second largest independent mortgage lender in the nation. IndyMac operates as a hybrid thrift/mortgage banker, providing financing for the acquisition, development, and improvement of single-family homes. IndyMac also provides financing secured by single-family homes and other banking products. The IndyMac lease commenced in July 2007 and expires in July 2017. IndyMac has the right to extend the term of its lease for three successive periods of five years.

Tetra Tech is a leading provider of specialized management consulting and technical services in the areas of resource management, infrastructure, and communications. Tetra Tech may extend the term of its lease for two additional five-year periods.

We do not intend to make significant renovations or improvements to the Pasadena Corporate Park Buildings. We believe that the Pasadena Corporate Park Buildings are adequately insured.

Acquisition of the 7031 Columbia Gateway Drive Building

On July 12, 2007, we purchased a five-story office building containing approximately 248,000 rentable square feet (the 7031 Columbia Gateway Drive Building) for approximately $62.1 million, exclusive of closing costs. The 7031 Columbia Gateway Drive Building is located on an approximate 14.6-acre parcel of land at 7031 Columbia Gateway Drive, Columbia, Maryland. The 7031 Columbia Gateway Drive Building was purchased from the Columbia Gateway Office Corporation (the Seller), which is not affiliated with us or Wells Capital. The acquisition was funded with net proceeds raised in this offering.

The 7031 Columbia Gateway Drive Building, which was completed in 2000, is entirely leased to Micros Systems, Inc. (Micros). Micros is a leading worldwide designer, manufacturer, marketer, and servicer of enterprise information solutions for the global hospitality and specialty retail industries. Micros reported a net worth, as of March 31, 2007, of approximately $533.9 million.

We do not intend to make significant renovations or improvements to the 7031 Columbia Gateway Drive Building in the near term. We believe that the 7031 Columbia Gateway Drive Building is adequately insured.

Acquisition of Cranberry Woods Drive Land Parcel

On August 1, 2007, we purchased an 83.4 acre parcel of land (the Cranberry Woods Drive Land) for approximately $14.6 million, exclusive of closing costs, with the intent of constructing three office buildings with an aggregate total of approximately 792,000 gross square feet at 900 1100 Cranberry Woods Drive in Cranberry, Pennsylvania (the Cranberry Woods Drive Buildings). The Cranberry Woods Drive Land Parcel was purchased from Mine Safety Appliances Company (the Seller), which is not affiliated with us or Wells Capital. The acquisition of the Cranberry Woods Drive Land was funded with net proceeds raised in this offering.

We entered into a development agreement with Trammell Crow Development & Investment, Inc. (the Developer) to complete the construction of the Cranberry Woods Drive Buildings at a total estimated cost of approximately $166.4 million, which will be funded with net proceeds raised in this offering and proceeds from our line of credit with Wachovia Bank, N.A. The Cranberry Woods Drive Buildings are scheduled to be constructed in two phases, with the first phase (approximately 423,000 gross square feet) scheduled to be completed in 2009 and the second phase (approximately 369,000 gross 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 (Westinghouse) under a 15-year net lease. Westinghouse is a subsidiary of Toshiba Corporation and provides fuel, services, technology, plant design, and equipment for the commercial nuclear electric power industry. Westinghouse has the right, at its option, to extend the term of its lease for two additional five-year periods.

Acquisition of the 222 East 41st Street Building

On August 17, 2007, we purchased a 25-story office building containing approximately 372,000 rentable square feet (the 222 East 41st Street Building) for approximately $319.8 million, exclusive of closing costs. The 222 East 41st Street Building is located on approximately 0.5 acres of land located at 222 East 41st Street in New York City, New York. We purchased the 222 East 41st Street Building subject to a ground lease that expires on March 31, 2051. The current annual rent due under the ground lease is approximately $1.2 million.

The acquisition was funded with net proceeds raised in this offering, the assumption of a $130.3 million variable rate loan secured by the 222 East 41st Street Building in favor of Anglo Irish Bank and proceeds from our $400 million line of credit with Wachovia Bank, N.A. The 222 East 41st Street Building was purchased from Zeta-Ceres, L.P., which is not affiliated with us or Wells Capital.

The 222 East 41st Street Building, which was completed in 2001, is leased to Jones Day (approximately 81%), Council of the European Union (Council of the EU) (approximately 10%) and various other office tenants (approximately 6%). Approximately 3% of the 222 East 41st Street Building is currently vacant. The current aggregate annual base rent for Jones Day, Council of the EU and the other four tenants of the 222 East 41st Street Building is approximately $21.2 million. The current weighted-average remaining lease term for Jones Day, Council of the EU and the other four tenants of the 222 East 41st Street Building is approximately 9 years.

Jones Day is a law firm acting as principal outside counsel to, or providing significant legal representation for, more than half of the Fortune 500 companies, as well as a wide variety of other entities, including privately held companies, financial institutions, investment firms, health care providers, retail chains, foundations, educational institutions, and individuals. Jones Day employs over 2,200 lawyers in 30 locations worldwide. The Jones Day lease commenced on September 2001 and expires in October 2016. Jones Day has the right, at its option, to extend the initial term of its lease for two additional five-year periods.

Council of the EU is the governing body of the European Union. The Council of the EU lease commenced in July 2003 and expires in July 2013. Council of the EU has the right, at its option, to terminate its lease as of November 2010 for a termination fee of $420,000.

We do not intend to make significant renovations or improvements to the 222 East 41st Street Building. We believe that the 222 East 41st Street is adequately insured.

On August 16, 2007, in connection with the acquisition of the 222 East 41st Street Building, we obtained a $130.3 million loan (the Anglo Irish Loan) secured by the 222 East 41st Street Building in favor of Anglo Irish Bank Corporation, PLC (Anglo Irish Bank). We may prepay the Anglo Irish Loan in full or in part at any time subject to the payment of a cost maintenance fee, as defined by the loan agreement. The Anglo Irish Loan bears interest at LIBOR plus 120 basis points and matures on August 16, 2017. The interest payment date is the 16th of each month; however, under the terms of the loan agreement, the monthly debt service is to be capitalized and added to the outstanding balance of the Anglo Irish Loan as it becomes due.

In connection with obtaining the Anglo Irish Loan, we entered into an interest rate swap agreement with Anglo Irish Bank. The effective date of the interest rate swap agreement is August 16, 2007 and terminates August 16, 2017. Under the terms of the interest rate swap agreement, we will pay Anglo Irish Bank monthly interest at a fixed rate of 5.475% and receive a monthly payment from Anglo Irish Bank equal to LIBOR. The interest rate swap effectively fixes our interest rate on the Anglo Irish Loan at 5.475% plus 120 basis points, which is used to determine the amount of monthly debt service to be added to the Anglo Irish Loan and paid off at maturity.

Indebtedness

As of August 17, 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 23%. As of August 17, 2007, total indebtedness was approximately $878.9 million, which consisted of fixed-rate mortgages on certain properties of approximately $660.4 million and two variable rate mortgages on two properties of approximately $178.5 million. We currently have $40.0 million outstanding under the Wachovia Line of Credit. Based on the value of our borrowing-base properties, we had approximately $319.2 million in remaining capacity under the Wachovia Line of Credit, of which approximately $2.0 million was pledged in the form of letters of credit for future tenant improvements and leasing costs.

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. 3, 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 this offering and our initial public offering of common stock and invested in real estate assets through June 30, 2007. Thus, our results of operations for the three months and six months ended June 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 six months ended June 30, 2007 and 2006.

Liquidity and Capital Resources

Overview

From January 2004 through June 2007, we raised significant funds through the sale of our common stock in this offering and our initial public offering. 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 in this 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 six months ended June 30, 2007, we generated net cash flows from operating activities of approximately $86.0 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 $90.0 million during the six months ended June 30, 2007. We generated net cash flows from financing activities of approximately $302.4 million during the six months ended June 30, 2007, primarily as a result of raising proceeds from the sale of common stock in this offering and our initial public offering, net of commissions, dealer-manager fees, and other offering costs, of approximately $492.9 million, reduced by net debt repayments of approximately $71.7 million. Such net cash flows from financing activities and cash on hand were used primarily to invest approximately $126.1 million in real estate and pay acquisition fees of approximately $14.2 million. We expect to utilize the residual cash balance of approximately $291.1 million as of June 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 in this 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 August 17, 2007, we had a borrowing capacity of approximately $317.2 million under the Wachovia Line of Credit. 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 June 1, 2007, our board of directors declared a daily dividend for stockholders of record from June 16, 2007 through September 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 two quarters of 2007 and each quarter of 2006 on a per-share basis. Such dividend will be paid in September 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. This offering, which we commenced in November 2005, was extended until the earlier of the sale of all 300.0 million shares or December 1, 2008. Thereafter, we expect to commence a second follow-on offering. 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 June 30, 2007 will become payable in the following periods (in thousands):

Contractual Obligations	**Total**	**2007**	**2008-2009**	**2010-2011**	**Thereafter**
Outstanding debt obligations (1)	$ 704,894	$ 396	$ 115,625	$ 71,646	$ 517,227
Capital lease obligations (2)	78,000				78,000
Operating lease obligations	3,090	30	120	120	2,820
Total	$ 785,984	$ 426	$ 115,745	$ 71,766	$ 598,047

(1) Amounts include principal payments only. We made interest payments of $17.9 million during the six months ended June 30, 2007 and expect to pay interest in future periods on outstanding debt obligations based on the rates and terms disclosed in Note 4 to our consolidated financial statements for the year ended December 31, 2006 included in the prospectus.

(2) Amount includes principal payments only. We made interest payments of $2.3 million during the six months ended June 30, 2007 and expect to pay interest in future periods based on the terms disclosed in Note 4 to our consolidated financial statements for the year ended December 31, 2006 included in the prospectus.

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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 six months ended June 30, 2007, we acquired two properties, bringing our total portfolio to 51 properties as of June 30, 2007. Accordingly, the results of operations presented for the three months and six months ended June 30, 2007 and 2006, respectively, are not directly comparable.

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

Rental income and tenant reimbursements increased from approximately $58.5 million and $14.5 million, respectively, for the three months ended June 30, 2006 to approximately $75.8 million and $20.7 million, respectively, for the three months ended June 30, 2007, primarily as a result of the growth in the portfolio during the last six months of 2006 and the first six months of 2007. Rental income and tenant reimbursements are expected to continue to increase in future periods, as compared to historical periods, as a result of owning the assets acquired during the last six months of 2006 and the first six months of 2007 for an entire period and future acquisitions of real estate assets.

Other rental income increased from approximately $60,000 for the three months ended June 30, 2006 to approximately $2.0 million for the three months ended June 30, 2007 and is primarily comprised of income recognized for lease terminations. Unlike the majority of rental income, which is recognized ratably over long-term contracts, other rental income is recognized once we have completed our obligation to provide space to the tenant. Other rental income for the three months ended June 30, 2007 relates primarily to the early termination of rights to lease space at 5 Houston Center.

Property operating costs and asset and property management fees increased from approximately $21.5 million and $6.2 million, respectively, for the three months ended June 30, 2006 to approximately $32.3 million and $7.8 million, respectively, for the three months ended June 30, 2007, primarily as a result of the growth in the portfolio during the last six months of 2006 and the first six months of 2007. 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 the assets acquired during the last six months of 2006 and the first six months of 2007 for an entire period and future acquisitions of additional real estate assets.

Depreciation and amortization increased from approximately $11.2 million and $20.0 million, respectively, for the three months ended June 30, 2006 to approximately $14.1 million and $26.5 million, respectively, for the three months ended June 30, 2007, primarily as a result of the growth in the portfolio during the last six months of 2006 and the first six months of 2007. Depreciation and amortization are expected to continue to increase in future periods, as compared to historical periods, due to owning the assets acquired during the last six months of 2006 and the first six months of 2007 for an entire period and future acquisitions of additional real estate assets.

General and administrative expenses increased from approximately $3.0 million for the three months ended June 30, 2006 to approximately $4.5 million for the three months ended June 30, 2007 due to the increase in the size of our portfolio of real estate assets during the last six months of 2006 and the first six months of 2007. General and administrative expenses, as a percent of total revenues, remained stable at approximately 4.0% for the three months ended June 30, 2006 and 2007.

Interest expense increased slightly from the three months ended June 30, 2006 to the three months ended June 30, 2007, primarily due to new mortgage notes being offset by the 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 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 in this offering and any future offerings, the opportunities to acquire real estate assets consistent with our investment objectives, and the timing of such future acquisitions.

Interest and other income increased from approximately $2.0 million for the three months ended June 30, 2006 to approximately $2.7 million for the three months ended June 30, 2007, primarily as a result of holding higher average cash balances during the three months ended June 30, 2007, as compared to the three months ended June 30, 2006, due to timing differences in raising capital in this offering and our initial public offering, debt activity and closing on property acquisitions between periods.

Net income increased from approximately $4.1 million for the three months ended June 30, 2006 to approximately $7.7 million for the three months ended June 30, 2007 primarily due to other rental income recognized for lease terminations and the increase in interest and other income resulting from higher average cash balances on hand. Net income per share remained stable at approximately $0.02 per share for the three months ended June 30, 2007 and 2006. We expect future real estate acquisitions to increase net income in future periods and expect future net income per share to fluctuate primarily based on the level of proceeds raised in this offering and any future offerings and the rate at which we are able to invest such proceeds in income-generating real estate assets.

Comparison of the six months ended June 30, 2006 versus the six months ended June 30, 2007

Rental income and tenant reimbursements increased from approximately $114.7 million and $27.4 million, respectively, for the six months ended June 30, 2006 to approximately $149.3 million and $41.0 million, respectively, for the six months ended June 30, 2007, primarily as a result of the growth in the portfolio during the last six months of 2006 and the first six months of 2007. Rental income and tenant reimbursements are expected to continue to increase in future periods, as compared to historical periods, as a result of owning the assets acquired during the last six months of 2006 and the first six months of 2007 for an entire period and future acquisitions of real estate assets.

Other rental income increased from approximately $77,000 for the six months ended June 30, 2006 to approximately $2.0 million for the six months ended June 30, 2007 and is primarily comprised of income recognized for lease terminations. Unlike the majority of rental income, which is recognized ratably over long-term contracts, other rental income is recognized once we have completed our obligation to provide space to the tenant. Other rental income for the six months ended June 30, 2007 relates primarily to the termination of rights to lease space at 5 Houston Center.

Property operating costs and asset and property management fees increased from approximately $43.0 million and $12.0 million, respectively, for the six months ended June 30, 2006 to approximately $62.9 million and $15.4 million, respectively, for the six months ended June 30, 2007, primarily as a result of the growth in the portfolio during the last six months of 2006 and the first six months of 2007. 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 the assets acquired during the last six months of 2006 and the first six months of 2007 for an entire period and future acquisitions of additional real estate assets.

Depreciation increased from approximately $21.9 million for the six months ended June 30, 2006 to approximately $28.3 million for the six months ended June 30, 2007, primarily as a result of the growth to the portfolio during the last six months of 2006 and the first six months of 2007. Depreciation is expected to increase in future periods, as compared to historical periods, due to owning the assets acquired during the last six months of 2006 and the first six months of 2007 for an entire period and future acquisitions of real estate assets.

Amortization increased from approximately $39.5 million for the six months ended June 30, 2006 to approximately $57.4 million for the six months ended June 30, 2007 due to the growth in the portfolio during the last six months of 2006 and the first six months of 2007 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 assets acquired during the last six months of 2006 and the first six months of 2007 for an entire period and future acquisitions of additional real estate assets.

General and administrative expenses increased from approximately $5.9 million for the six months ended June 30, 2006 to approximately $8.0 million for the six months ended June 30, 2007, primarily due to the increase in the size of our portfolio of real estate assets during the last six months of 2006 and the first six months of 2007. General and administrative expenses, as a percent of total revenues, remained stable at approximately 4.0% for the six months ended June 30, 2006 and 2007.

Interest expense increased slightly from the six months ended June 30, 2006 to the six months ended June 30, 2007, primarily due to new mortgage notes being offset by the 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 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 in this offering and any future offerings, 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 six months ended June 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.

Interest and other income increased from approximately $3.7 million for the six months ended June 30, 2006 to approximately $4.3 million for the six months ended June 30, 2007, primarily as a result of holding higher average cash balances during the six months ended June 30, 2007, as compared to the six months ended June 30, 2006, due to timing differences in raising capital in this offering and our initial public offering, debt activity and closing on property acquisitions between periods.

Net income and net income per share increased from approximately $3.2 million and $0.01, respectively, for the six months ended June 30, 2006 to approximately $5.1 million and $0.02, respectively, for the six months ended June 30, 2007 primarily due to other rental income recognized for early lease terminations and additional income from the growth of our portfolio, partially offset by write-offs of unamortized lease-specific assets related to the termination at 5 Houston Center described above. We expect future real estate acquisitions to increase net income in future periods and expect future net income per share to fluctuate primarily based on the level of proceeds raised in this offering and any future offerings 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 (REITs). 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 Trust (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 to FFO are presented below (in thousands):

	For the Three Months Ended June 30,		**For the Six Months Ended June 30,**	
	2007	**2006**	**2007**	**2006**
Net income	**$ 7,676**	$ 4,086	**$ 5,066**	$ 3,205
Add:				
Depreciation of real assets	**14,097**	11,232	**28,291**	21,909
Amortization of lease-related costs	**26,503**	20,044	**57,408**	39,513
FFO	**$ 48,276**	$ 35,362	**$ 90,765**	$ 64,627
Weighted-average common shares outstanding	**317,184**	227,108	**304,173**	216,664

Set forth below is additional information related to certain cash and noncash items included in or excluded from net income 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.

Noncash Items Included in Net Income:

Straight-line rental revenue of approximately $4.0 million and $5.3 million was recognized for the three months ended June 30, 2007 and 2006, respectively, and approximately $8.9 million and $11.0 million was recognized for the six months ended June 30, 2007 and 2006, respectively;

Amortization of above-market/below-market in-place leases and lease incentives was recognized as net decreases to rental income of approximately $2.8 million for the three months ended June 30, 2007 and 2006, respectively, and approximately $7.4 million and $5.7 million for the six months ended June 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 $1.3 million and $0.4 million was recognized as interest expense for the three months ended June 30, 2007 and 2006, respectively, and approximately $2.6 million and $0.9 million was recognized as interest expense for the six months ended June 30, 2007 and 2006, respectively;

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

Cash Item Excluded from Net Income:

Master lease proceeds relating to previous acquisitions of approximately $0 and $0.1 million were collected during the three months ended June 30, 2007 and 2006, respectively, and approximately $0.2 million and $0.3 million were collected during the six months ended June 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. Wells TRS 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 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.

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.

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 re-set 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.

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 SFAS 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, Inc. (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 7 to our accompanying consolidated financial statements included herein for a discussion of the various related-party transactions, agreements, and fees.

Our Relationship with Wells REIT and the Impact of Its Internalization Transaction on Us

Wells Real Estate Investment Trust, Inc. (Wells REIT) is a separate REIT from us that also was sponsored by Wells Real Estate Funds, Inc. (WREF), our sponsor and the sole stockholder of Wells Capital, Wells Investment Securities, Inc. (WIS), and Wells Management Company, Inc. (Wells Management). Prior to April 16, 2007, we and Wells REIT shared a common advisor, Wells Capital, and a common property manager, Wells Management. We also shared with Wells REIT all of the same executive officers and many of the same directors, except that we had separate presidents from February 2, 2007, which is the date that Wells REIT entered into the merger agreement relating to the internalization transaction described below.

On April 16, 2007, Wells REIT acquired entities affiliated with WREF. Wells REIT entered into the merger in order to internalize advisory, asset management, property management, and other services previously provided to Wells REIT by WREF and its affiliates. As a result of the internalization transaction, 81 employees of WREF and its affiliates became employees of Wells REIT. A majority of those employees did not previously provide significant services to us. Following the internalization transaction, WREF and its affiliates had 351 employees. WREF and its affiliates are seeking successors to some of the personnel who had provided services to us and became employees of Wells REIT in the internalization transaction.

Some of the personnel acquired by Wells REIT in the internalization had primary responsibility for the management of six of our properties. To ensure continuity of property management services, we amended our existing Management Agreement to eliminate the provision of property management services for those six properties effective upon consummation of the Wells REIT internalization transaction. We also entered into a property management agreement with a subsidiary of Wells REIT to provide property management services to us for the six properties. Subsequent to the internalization, we entered into property management agreements with Wells REIT to provide property management services for seven additional properties. Wells Management and unaffiliated third parties, however, will continue to provide leasing services for these thirteen properties. The terms of our agreement with Wells REIT for property management services are substantially similar to the terms under which we engage Wells Management for property management services.

In connection with the Wells REIT internalization transaction, all three of our officers resigned from their officer positions with Wells REIT, four of our board members resigned from their positions as board members of Wells REIT, and two Wells REIT directors resigned from our board. On May 9, 2007, Leo F. Wells, III resigned as chairman of the board of directors of Wells REIT. As a result, we and Wells REIT share no common officers and no common directors.

Legal Action Against Related Parties

On March 12, 2007, a stockholder of Wells REIT filed a putative class action and derivative complaint, *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, Wells REIT, our advisor, certain affiliates of WREF and certain of our officers and directors who formerly served as officers and directors of Wells 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 Wells 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 Wells 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 Northern District of Georgia, and the case was docketed in the Northern District of Georgia on April 24, 2007. The plaintiff filed an amended class action and derivative complaint on June 27, 2007. The amended complaint attempts to assert class action claims on behalf of those persons who received and were entitled to vote on the Wells REIT proxy statement filed with the SEC on February 26, 2007 and derivative claims on behalf of Wells REIT. The defendants responded on August 13, 2007. On July 9, 2007, the court denied the plaintiff s motion for expedited discovery related to an anticipated motion for a preliminary injunction, noting that the alleged conduct could be evaluated through the normal path of litigation. 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 5 of our accompanying consolidated financial statements for further explanation. Examples of such commitments and contingencies existing at June 30, 2007 include:

- Commitments under existing lease agreements;
- Property under contract; and
- Litigation.

Share Redemption Program

Our board of directors has approved an amendment to the SRP, which will become effective on September 7, 2007. The amendment obligates us to honor all redemption requests if the request is made within two years of a stockholder s death. 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.

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 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 $15.7 million for the quarter ending June 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 June 30, 2007, we sold additional shares of common stock as more fully explained in this supplement no. 3 under the heading "Status of Our Public Offerings." On July 11, 2007, we acquired the Pasadena Corporate Park Building as described under the heading "Acquisition of the Pasadena Corporate Park Buildings." On July 12, 2007, we acquired the 7031 Columbia Gateway Drive Building as described under the heading "Acquisition of the 7031 Columbia Gateway Drive Building." On August 1, 2007, we acquired the Cranberry Woods Drive Land as described under the heading "Acquisition of Cranberry Woods Drive Land Parcel." On August 17, 2007, we acquired the 222 East 41st Street Building as described under the heading "Acquisition of the 222 East 41st Street Building."

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WELLS REAL ESTATE INVESTMENT TRUST II, INC.

CONSOLIDATED BALANCE SHEETS

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

	(Unaudited) June 30, 2007	December 31, 2006
Assets:		
Real estate assets, at cost:		
Land	**$ 384,620**	$ 370,971
Buildings and improvements, less accumulated depreciation of $107,293 and $79,175 as of June 30, 2007 and December 31, 2006, respectively	**1,964,960**	1,922,523
Intangible lease assets, less accumulated amortization of $144,051 and $106,147 as of June 30, 2007 and December 31, 2006, respectively	**442,169**	458,917
Construction in progress	**1,995**	420
Total real estate assets	**2,793,744**	2,752,831
Cash and cash equivalents	**291,104**	46,100
Tenant receivables, net of allowance for doubtful accounts of $1,639 and $1,548 as of June 30, 2007 and December 31, 2006, respectively	**64,919**	53,372
Prepaid expenses and other assets	**43,880**	35,554
Deferred financing costs, less accumulated amortization of $2,052 and $1,535 as of June 30, 2007 and December 31, 2006, respectively	**2,962**	3,184
Deferred lease costs, less accumulated amortization of $73,306 and $52,906 as of June 30, 2007 and December 31, 2006, respectively	**306,320**	319,184
Investment in bonds	**78,000**	78,000