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AMREIT
Form 424B3
September 03, 2004

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Registration No. 333-114432

AMREIT

Supplement No. One, Dated August 31, 2004
To Prospectus, Dated June 25, 2004
For up to 17,000,000 Class D Common Shares Offered To The Public

This Supplement is part of, and should be read in conjunction with, the Prospectus dated June 25, 2004. Capitalized terms used in this Supplement have the same meanings as in the Prospectus unless otherwise stated herein.

Information as to the number and types of properties acquired by AmREIT is presented as of August 31, 2004 and all references to property acquisitions should be read in that context. Proposed properties for which AmREIT enters into initial commitments to acquire, as well as property acquisitions, that occur after August 31, 2004, will be reported in a subsequent Supplement.

RECENT DEVELOPMENTS

AmREIT has acquired four new properties: The Courtyard at Post Oak, Bakery Square Shopping Center, Plaza in the Park and Cinco Ranch Shopping Center. The first three are located in Houston, Texas and the last property is located in Katy, Texas, a suburb of Houston. As of the date of this Supplement, we have sold 275,280.424 class D common shares, resulting in \$2,752,804.24 in gross sales proceeds.

The Courtyard at Post Oak:

On June 15, 2004, AmREIT acquired The Courtyard at Post Oak, consisting of a 4,013 square foot, free standing building occupied by Verizon Wireless (NYSE: VZ) and a 9,584 square foot, multi-tenant shopping center occupied by Ninfa's Restaurant and Dessert Gallery. The property was acquired for \$6.35 million in cash.

Bakery Square Shopping Center:

On July 21, 2004, AmREIT acquired Bakery Square Shopping Center, which is comprised of a free standing Walgreen's and a 19,494 square foot shopping center anchored by Bank of America (NYSE: BOA). The shopping center was acquired with approximately \$3.97 million in cash and the assumption of \$4.52 million in long term fixed rate debt.

Plaza in the Park:

On July 1, 2004, AmREIT acquired Plaza in the Park, a 129,955 square foot Kroger (NYSE: KR) anchored shopping center located on approximately 14.3 acres of land. The property was acquired with approximately \$15.33 million in cash and the assumption of \$18.16 million in long term fixed rate debt.

Cinco Ranch Shopping Center:

On July 1, 2004, AmREIT acquired Cinco Ranch - Kroger, a 97,297 square foot Kroger (NYSE: KR) anchored shopping center located on approximately 12.8 acres of land. The property was acquired with approximately \$6.4 million in cash and the assumption of \$8.59 million in long term fixed rate debt.

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BUSINESS AND PROPERTIES

Properties

Description.

The following sentence updates and replaces the table heading under this caption on page 30 of the Prospectus.

Information concerning the properties owned solely by AmREIT as of August 31, 2004, is presented in the following table:

AmREIT Wholly-Owned Property Information
(August 31, 2004)

| Property (Location) | Date Acquired | Purchase Price | Building Leaseable Area | Annual Rent |
|--|---------------|----------------|-------------------------|-------------|
| Radio Shack (Dallas, TX) | 06/15/94 | \$1,062,000 | 5,200 | \$108, |
| Transworld Entertainment (Independence, MO) | 11/14/94 | 1,550,000 | 14,047 | 187, |
| Copperfield Medical Plaza (Houston, TX) | 07/01/95 | 1,680,000 | 14,000 | 201, |
| Wherehouse Entertainment (Wichita, KS) | 09/12/95 | 1,700,000 | 15,158 | (3) |
| FootStar, Inc. (1) (Tucson, AZ) | 09/11/96 | 3,351,000 | 19,550 | 419, |
| Washington Mutual (The Woodlands, TX) (4) | 09/23/96 | 500,000 | - | 59, |
| Washington Mutual (Houston, TX) (4) | 12/11/96 | 828,000 | - | 97, |
| FootStar, Inc. (1) (Baton Rouge, LA) | 06/09/97 | 2,806,000 | 20,575 | 300, |
| Hollywood Video (Lafayette, LA) | 10/31/97 | 1,124,000 | 7,488 | 134, |
| Hollywood Video (Ridgeland, MS) | 12/30/97 | 1,208,000 | 7,488 | 138, |
| OfficeMax (Dover, DE) | 04/14/98 | 2,548,000 | 23,500 | 264, |
| Woodlands Plaza (The Woodlands, TX) | 06/03/98 | 3,542,000 | 16,922 | 374, |
| Sugar Land Plaza (Sugar Land, TX) | 07/01/98 | 3,635,000 | 16,922 | 330, |
| Dardin Restaurants (Peachtree City, GA) (4) | 12/18/98 | 738,000 | - | 75, |
| IHOP, Corp. (Sugarland, TX) | 09/30/99 | 1,608,000 | 4,020 | 165, |
| IHOP, Corp. | | | | |

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| | | | | |
|------------------------------|--------------|---------------|---------|-----------|
| (Topeka, KS) | 09/30/99 | 1,335,000 | 4,020 | 137, |
| Foodmaker | | | | |
| (Dallas, TX)..... | 07/23/02 (2) | 715,100 | 2,238 | 68, |
| Baptist Memorial Health | | | | |
| (Memphis, TN)..... | 07/23/02 (2) | 2,079,200 | 15,000 | 204, |
| Payless Shoes | | | | |
| (Austin, TX)..... | 07/23/02 (2) | 698,300 | 4,000 | 82, |
| Golden Corral | | | | |
| (Houston, TX)..... | 07/23/02 (2) | 1,811,800 | 12,000 | 182, |
| Golden Corral | | | | |
| (Houston, TX)..... | 07/23/02 (2) | 1,843,400 | 12,000 | 181, |
| Eckerd | | | | |
| (Houston, TX) (4)..... | 01/10/03 | 2,646,900 | - | 327, |
| TGI Friday's | | | | |
| (Houston, TX)..... | 07/23/02 (2) | 2,036,900 | 8,500 | 180, |
| Guitar Center | | | | |
| (Minnesota, MN)..... | 07/23/02 (2) | 2,541,700 | 15,000 | 246, |
| AFC, Inc. (Popeye's Chicken) | | | | |
| (Atlanta, GA)..... | 07/23/02 (2) | 1,113,900 | 2,583 | 105, |
| Memorial Herman Hospital | | | | |
| (Houston, TX)..... | 07/23/02 (2) | 1,816,800 | 15,000 | 171, |
| Blockbuster Video | | | | |
| (Oklahoma City, OK)..... | 07/23/02 (2) | 973,800 | 15,000 | 92, |
| Pier One | | | | |
| (Longmont, CO)..... | 07/23/02 (2) | 1,423,600 | 8,014 | 135, |
| IHOP, Corp. | | | | |
| (Grand Prairie, TX)..... | 04/15/03 | 1,940,400 | 4,020 | 174, |
| TGI Friday's | | | | |
| (Hanover, MD)..... | 09/16/03 | 1,474,700 | 8,500 | 134, |
| The Terrace Shops | | | | |
| (Houston, TX)..... | 12/15/03 | 4,800,000 | 16,395 | 428, |
| Uptown Plaza | | | | |
| (Houston, TX)..... | 12/15/03 | 13,000,000 | 28,000 | 1,268, |
| The Courtyard at Post Oak | | | | |
| (Houston, TX)..... | 06/15/04 | 6,350,000 | 13,597 | 481, |
| Plaza in the Park | | | | |
| (Houston, TX)..... | 07/01/04 | 33,490,000 | 129,955 | 2,607, |
| Cinco Ranch Shopping Center | | | | |
| (Katy, TX)..... | 07/01/04 | 14,990,000 | 97,297 | 1,218, |
| Bakery Square | | | | |
| (Houston, TX)..... | 07/21/04 | 8,490,000 | 34,704 | 531, |
| TOTAL | | \$132,289,500 | 602,561 | \$11,711, |

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- (1) Footstar, Inc. filed for Chapter 11 Bankruptcy protection on March 2, 2004. In publicly released announcement, Footstar has indicated their intent to reject the lease on all Just For Feet locations, including the leases on our two properties.
- (2) These properties were acquired as part of the merger of the affiliated partnerships (Funds IX, X and XI) on July 23, 2002. The purchase price reflects the pro-rata portion of the negotiated price allocated to the properties that AmREIT paid the partnerships in common shares.

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- (3) Wherehouse Entertainment filed for Chapter 11 Bankruptcy protection, and as such, rejected the Wherehouse Entertainment lease in Wichita, Kansas. At March 31, 2004, no rental income was being received on this property.
- (4) Represents a land lease only, and as such, no building leasable area is reflected.

The following paragraphs are inserted following the first full paragraph on page 33 of the Prospectus.

Recent Acquisitions and Dispositions.

On June 15, 2004, AmREIT acquired The Courtyard at Post Oak, consisting of a 4,013 square foot, free standing building occupied by Verizon Wireless (NYSE: VZ) and a 9,584 square foot, multi-tenant shopping center occupied by Ninfa's Restaurant and Dessert Gallery. The property was constructed in 1994 and is located at the northwest intersection of Post Oak and San Felipe in Houston, Texas. This is a lighted intersection in the heart of the Galleria area, the most significant retail corridor in the Greater Houston area. The property was acquired for \$6.35 million in cash. The weighted average remaining lease term for the project is 5.2 years.

| Tenant | Square Footage | Lease Term | Expiration |
|------------------|----------------|------------|---------------|
| Verizon Wireless | 4,013 | 10 Years | December 2009 |
| Ninfa's | 7,606 | 15 Years | November 2009 |
| Dessert Gallery | 1,978 | 5 Years | August 2008 |

On July 21, 2004, AmREIT acquired Bakery Square Shopping Center, which is comprised of a free standing Walgreen's and a 19,494 square foot shopping center anchored by Bank of America (NYSE: BOA). The property was constructed in 1996 and is located at the southwest corner of Dunlavy and West Gray in Houston, Texas. This is a strong infill location just south of the central business district in Houston. The property was acquired with approximately \$3.97 million in cash and the assumption of \$4.52 million in long term fixed rate debt. The debt is evidenced by note issued to New York Life Insurance Company and has a current balance of \$4.52 million, bears interest at a rate of 8% per year (and matures on February 10, 2017. The initial principal balance of the note was \$5.40 million. The loan has a term and amortization of 15-years, with principal and interest payments of \$47,617 due monthly. The weighted average remaining lease term for the shopping center is 4.9 years. The Walgreen's lease is for 60 years and will expire October 31, 2056. The shopping center is 100% occupied.

| Tenant | Square Footage | Lease Term | Expiration |
|--------|----------------|------------|------------|
|--------|----------------|------------|------------|

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| | | | |
|-------------------|--------|----------|----------------|
| Blockbuster Video | 6,484 | 10 years | October 2006 |
| T-Mobile | 1,416 | 10 years | September 2007 |
| Fantastic Sam's | 1,050 | 4 years | February 2008 |
| River Oaks Nails | 1,050 | 5 years | May 2009 |
| Bell Cleaners | 1,750 | 14 years | March 2010 |
| Boston Market | 2,816 | 10 years | May 2010 |
| Bank of America | 3,878 | 15 years | January 2012 |
| Philly Connection | 1,050 | 10 years | May 2014 |
| Walgreens | 15,210 | 60 years | September 2056 |

On July 1, 2004, AmREIT acquired Plaza in the Park, a 129,955 square foot Kroger (NYSE: KR) anchored shopping center located on approximately 14.3 acres of land. The property was constructed in 1999 and is located at the southwest corner of Buffalo Speedway and Westpark in Houston, Texas. Plaza in the Park's Kroger is undergoing a 13,120 square foot expansion and, when completed, is expected to be the number one Kroger grocery store in both sales volume and size in the State of Texas. Additionally, Kroger is the number one grocer in the Houston marketplace, and enjoys over 26% of total market share. The property was acquired with approximately \$15.33 million in cash and the assumption of \$18.16 million in long term fixed rate debt. The debt is evidenced by a note issued to Teachers Insurance and Annuity Association of America and has a current balance of \$18.16 million, bears interest at a rate of 5.16% per year and matures in July 2013. The initial principal balance of the note was approximately \$18.43 million. The loan has a ten year term with a 30-year amortization. Principal and interest payments of \$105,802 are due monthly. The weighted average remaining lease term for the project is 9.2 years. The Kroger lease is for 20 years, containing approximately 69 thousand square feet, expiring in August 2017. The shopping center is 96.67% occupied.

| Tenant | Square Footage | Lease Term | Expiration |
|----------------------------|----------------|------------|----------------|
| Postal Annex | 900 | 5 years | April 2006 |
| Dervish Enterprises | 2,427 | 5 years | June 2006 |
| Quizno's | 1,600 | 7 years | October 2006 |
| Sprintcom, Inc. | 2,500 | 5-Year | October 2006 |
| The Root of You | 2,850 | 5 years | December 2006 |
| Hallmark Gold Crown | 5,650 | 5-Year | February 2007 |
| Siena Interiors | 2,164 | 5 years | October 2007 |
| Image America | 2,276 | 5-Year | March 2008 |
| Avenue Chocolates | 1,200 | 5 years | March 2008 |
| Tapioca Express | 1,112 | 5 years | December 2008 |
| Planet Beach | 1,960 | 7 years | March 2009 |
| Huntington Learning Center | 2,518 | 5 years | March 2009 |
| West University Wellness | 2,400 | 5 years | April 2009 |
| Dr. Daniel O. Howes | 1,500 | 10 years | May 2009 |
| Pilgrim Cleaners | 1,200 | 10 years | June 2009 |
| General Nutrition | 900 | 10 years | June 2009 |
| Bo Hwa Oh | 1,295 | 5 years | July 2009 |
| Brelan, Inc. | 2,300 | 10 years | August 2009 |
| Envision Nails | 1,200 | 10 years | September 2009 |
| Vietopia Restaurant | 5,640 | 10 years | September 2009 |
| Vision Optique | 1,800 | 10 years | October 2009 |
| Copperfield Liquor | 3,400 | 10 years | December 2009 |
| Buca di Beppo | 7,573 | 10 years | August 2010 |
| Household Finance Corp III | 2,000 | 10 years | April 2011 |

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|------------------|--------|----------|-------------|
| Kroger Texas, LP | 68,658 | 20 years | August 2017 |
| Vacant | 2,932 | | |

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On July 1, 2004, AmREIT acquired Cinco Ranch - Kroger, a 97,297 square foot Kroger (NYSE: KR) anchored shopping center located on approximately 12.8 acres of land. The property was constructed in 2001 and is located at the northeast corner of Mason Road and Westheimer Parkway in Katy, Texas. The shopping center is positioned in the heart of the affluent Cinco Ranch master planned community, and is ranked by Kroger as one of the top 10 Kroger grocery stores in Texas. The property was acquired with approximately \$6.4 million in cash and the assumption of \$8.59 million in long term fixed rate debt. The debt is evidenced by a note issued to Teachers Insurance and Annuity Association of America and has a current balance of \$8.59 million, bears interest at a rate of 5.16% per year and matures in July 2003. The initial principal amount of the note was approximately \$8.72 million. The loan has a ten year term with a 30-year amortization. Principal and interest payments of \$50,060 are due monthly. The weighted average remaining lease term for the project is 14 years. The Kroger lease is for 20 years, containing approximately 63 thousand square feet, expiring in June 2023. The shopping center is 100% occupied.

| Tenant | Square Footage | Lease Term | Expiration |
|-----------------------------|----------------|------------|----------------|
| Hallmark Gold Crown | 4,500 | 5 years | February 2006 |
| General Nutrition | 1,400 | 5 years | March 2006 |
| L'Aglio | 1,720 | 5 years | April 2006 |
| Sally Beauty Company | 1,400 | 5 years | July 2006 |
| State Farm Mutual | 1,400 | 5 years | September 2006 |
| I-cafe | 1,000 | 5 years | February 2008 |
| Uncle Lee's Cafe | 1,600 | 5 years | June 2008 |
| Itty Bitty City | 2,600 | 5 years | December 2008 |
| Pizza Hut of America | 1,600 | 10 years | January 2011 |
| Fashion Park Cleaners | 1,400 | 10 years | February 2011 |
| Nails Today | 1,400 | 10 years | February 2011 |
| Parkway Liquor | 1,927 | 10 years | February 2011 |
| eDentistry | 1,750 | 10 years | February 2011 |
| TGF Haircutters | 1,400 | 10 years | March 2011 |
| Wishnow-Sugar Vision Center | 1,820 | 10 years | March 2011 |
| Blockbuster Inc. | 4,417 | 10 years | March 2011 |
| Starbucks Corp. | 1,400 | 10 years | June 2011 |
| Mail Boxes Etc. | 1,190 | 10 years | November 2011 |
| Kroger Texas LP | 63,373 | 20 years | June 2023 |

REDEMPTION OF SHARES

Description.

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The following sentence updates and replaces the first sentence in the fifth paragraph under this caption on page 57 of the Prospectus.

Upon the Redemption Agent's receipt of notice for redemption of shares, the redemption price for this limited optional redemption right will initially be \$10.00 per share.