SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

[X] Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended June 30, 2000 or

[ ] Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from ____________________ to __________________

Commission file number 0-25739

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

Georgia	58-2328421
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
6200 The Corners Pkwy., Norcross, Georgia	30092
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code (770) 449-7800

(Former name, former address, and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No ___

FORM 10-Q

WELLS REAL ESTATE INVESTMENT TRUST, INC. AND SUBSIDIARY

INDEX

WELLS REAL ESTATE INVESTMENT TRUST, INC.

AND SUBSIDIARY

BALANCE SHEETS

ASSETS

	June 30, 2000	December 31, 1999
REAL ESTATE, at cost:		
Land	$ 21,695,304	$ 14,500,822
Building and improvements, less accumulated depreciation of $4,655,426 in 2000 and $1,726,103 in 1999	179,318,847	81,507,040
Construction in progress	7,964,288	12,561,459
Total real estate	208,978,439	108,569,321
INVESTMENT IN JOINT VENTURES (Note 2)	36,090,567	29,431,176
DUE FROM AFFILIATES	784,043	648,354
CASH AND CASH EQUIVALENTS	6,315,188	2,929,804
DEFERRED PROJECT COSTS (Note 1)	96,533	28,093
DEFERRED OFFERING COSTS (Note 1)	529,727	964,941
PREPAID EXPENSES AND OTHER ASSETS	4,809,674	1,280,601
Total assets	$257,604,171	$143,852,290

LIABILITIES AND SHAREHOLDERS' EQUITY

	June 30, 2000	December 31, 1999
LIABILITIES:		
Accounts payable	$ 874,735	$ 461,300
Notes payable (Note 3)	65,742,524	23,929,228
Due to affiliates (Note 4)	1,727,907	1,079,466
Dividends payable	3,315,836	2,166,701
Minority interest of unit holder in operating partnership	200,000	200,000
Total liabilities	71,861,002	27,836,695
SHAREHOLDERS' EQUITY:		

Common shares, $.01 par value; 40,000,000 shares authorized, 21,753,451 shares issued and outstanding at June 30, 2000	217,535	134,710
Additional paid-in capital	185,525,634	115,880,885
Retained earnings	0	0
Total shareholders' equity	185,743,169	116,015,595
Total liabilities and shareholders' equity	$257,604,171	$143,852,290

See accompanying condensed notes to financial statements.

WELLS REAL ESTATE INVESTMENT TRUST, INC.

AND SUBSIDIARY

STATEMENTS OF INCOME

	Three Months Ended		Six Months Ended	
	June 30, 2000	June 30, 1999	June 30, 2000	June 30, 1999
REVENUES:				
Rental income	$4,741,141	$ 852,831	$7,892,403	$1,579,014
Equity in income of joint ventures	567,421	205,455	1,049,182	398,178
Interest income	129,056	146,652	206,442	215,746
	5,437,618	1,204,938	9,148,027	2,192,938
EXPENSES:				
Operating costs, net of reimbursements	193,459	52,211	342,267	29,616
Management and leasing fees	304,094	37,393	537,864	82,085
Depreciation	1,749,065	326,001	2,929,323	612,243
Administrative costs	174,714	40,230	231,858	69,940
Legal and accounting	78,302	29,350	97,720	56,450
Computer costs	3,425	3,360	6,493	6,063
Amortization of loan fees	63,524	2,433	86,127	4,055
Interest expense	1,350,014	111,985	1,704,066	337,073
	3,916,597	602,963	5,935,718	1,197,525
NET INCOME	$1,521,021	$ 601,975	$3,212,309	$ 995,413
BASIC AND DILUTED EARNINGS PER SHARE	$0.08	$0.09	$0.19	$0.19

See accompanying condensed notes to financial statements.

WELLS REAL ESTATE INVESTMENT TRUST, INC.

AND SUBSIDIARY

STATEMENTS OF SHAREHOLDERS' EQUITY

FOR THE YEARS ENDED DECEMBER 31, 1999

AND FOR THE SIX MONTHS ENDED JUNE 30, 2000

	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Retained Earnings	Total Shareholders' Equity
BALANCE, December 31, 1998	3,154,136	$ 31,541	$ 27,056,112	$ 334,034	$ 27,421,687
Issuance of common stock	10,316,949	103,169	103,066,321	0	103,169,490
Net income	0	0	0	3,884,649	3,884,649
Dividends ($.70 per share)	0	0	(1,346,240)	(4,218,683)	(5,564,923)
Sales commission	0	0	(9,801,197)	0	(9,801,197)
Other offering expenses	0	0	(3,094,111)	0	(3,094,111)
BALANCE, December 31, 1999	13,471,085	134,710	115,880,885	0	116,015,595
Issuance of common stock	8,299,382	82,994	82,910,829	0	82,993,823
Net income	0	0	0	3,212,309	3,212,309
Dividends ($.356 per share)	0	0	(2,743,130)	(3,212,309)	(5,955,439)
Sales commission	0	0	(7,868,248)	0	(7,868,248)
Other offering expenses	0	0	(2,484,708)	0	(2,484,708)
Common stock retired	(17,016)	(169)	(169,994)	0	(170,163)
BALANCE, June 30, 2000	21,753,451	$217,535	$185,525,634	$ 0	$185,743,169

See accompanying condensed notes to financial statements.

WELLS REAL ESTATE INVESTMENT TRUST, INC.

AND SUBSIDIARY

STATEMENTS OF CASH FLOWS

	Six Months Ended June 30, 2000	Six Months Ended June 30, 1999
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 3,212,309	$ 995,413
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	2,929,323	612,243
Amortization of organizational costs	86,127	4,055
Equity in income of joint venture	(1,049,182)	(398,178)
Changes in assets and liabilities:		
Accounts payable	413,435	133,617
Increase in prepaid expenses and other assets	(3,615,200)	(1,312,721)
Increase due to affiliates	1,083,655	78,526
Net cash provided by operating activities	3,060,467	112,955
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investments in real estate	(100,790,679)	(19,178,396)
Investment in joint venture	(6,782,935)	(3,591,828)
Deferred project costs	(2,898,827)	(1,615,756)
Distributions received from joint ventures	1,319,662	528,869
Net cash used in investing activities	(109,152,779)	(23,857,111)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from note payable	66,170,746	9,918,935
Repayment of note payable	(24,357,450)	(14,059,930)
Dividends paid	(4,806,304)	(1,038,189)
Issuance of common stock	82,993,823	46,164,450
Sales commissions paid	(7,868,248)	(4,385,623)
Offering costs paid	(2,484,708)	(1,384,933)
Common stock retired	(170,163)	0
Net cash provided by financing activities	109,477,696	35,214,710
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,385,384	11,470,554
CASH AND CASH EQUIVALENTS, beginning of year	2,929,804	7,979,403

CASH AND CASH EQUIVALENTS, end of period	$ 6,315,188	$ 19,449,957
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING ACTIVITIES:		
Deferred project costs applied to investing activities	$ 2,830,387	$ 1,001,925
Increase (decrease) in deferred offering cost accrual	$ (435,214)	$ (19,205)

See accompanying condensed notes to financial statements.

WELLS REAL ESTATE INVESTMENT TRUST, INC.

AND SUBSIDIARY

CONDENSED NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2000

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) General

Wells Real Estate Investment Trust, Inc. (the "Company" or "Registrant") is a Maryland corporation formed on July 3, 1997. The Company is the sole general partner of Wells Operating Partnership, L.P. ("Wells OP"), a Delaware limited partnership organized for the purpose of acquiring, developing, owning, operating, improving, leasing, and otherwise managing for investment purposes income-producing commercial properties.

On January 30, 1998, the Company commenced a public offering of up to 16,500,000 shares of common stock at $10 per share pursuant to a Registration Statement on Form S-11 under the Securities Act of 1933. The Company commenced active operations on June 5, 1998, when it received and accepted subscriptions for 125,000 shares. The Company terminated its initial public offering on December 19, 1999, and on December 20, 1999, the Company commenced a second follow-on public offering of up to 22,200,000 shares of common stock at $10 per share. As of June 30, 2000, the Company had sold 21,770,468 shares for total capital contributions of $217,704,678. After payment of $7,613,708 in Acquisition and Advisory Fees and Acquisition Expenses, payment of $27,191,814 in selling commissions and organization and offering expenses, capital contributions and acquisition expenditures by Wells OP of $179,502,869 in property acquisitions and common stock redemptions of $170,163 pursuant to the Company's share redemption program, the Company was holding net offering proceeds of $3,226,124 available for investment in properties. An additional $65,742,524 was spent for acquisition expenditures and was funded by loans from various lending institutes.

Wells OP owns interest in properties both directly and through equity ownership in the following joint ventures: (i) the Fund IX-X-XI-REIT Joint Venture, a joint venture among Wells OP and Wells Real Estate Fund IX, L.P., Wells Real Estate Fund X, L.P. and Wells Real Estate Fund XI, L.P. (the "Fund IX-X-XI-REIT Joint Venture"), (ii) Wells/Fremont Associates (the "Fremont Joint Venture"), a joint venture between Wells OP and Fund X and Fund XI Associates, which is a joint venture between Wells Real Estate Fund X, L.P. and Wells Real Estate Fund XI, L.P. (the "Fund X-XI Joint Venture"), (iii) Wells/Orange County Associates (the "Cort Joint Venture") a joint venture between Wells OP and the Fund X-XI Joint Venture, (iv) the Fund XI-XII-REIT Joint Venture, a joint venture among Wells OP, Wells Real Estate Fund XI, L.P., and Wells Real Estate Fund XII, L.P. (the "Fund XI-XIII-REIT Joint Venture"), and (v) the Fund XII-REIT Joint Venture, a joint venture between Wells OP and Wells Real Estate Fund XII, L.P. (the "Fund XII-REIT Joint Venture").

As of June 30, 2000, Wells OP owned interest in the following properties either directly or through its interests in joint ventures: (i) a three-story office building in Knoxville, Tennessee (the "ABB-Knoxville Building"); (ii) a two-story office building in Louisville, Colorado (the "Ohmeda Building"); (iii) a three-story office building in Broomfield, Colorado (the "360 Interlocken Building"); (iv) a one-story office building in Oklahoma City, Oklahoma (the "Lucent Technologies Building"); (v) a one-story warehouse and office building in Ogden, Utah (the "Iomega Building"), all five of which are owned by

the Fund IX-X-XI-REIT Joint Venture; (vi) a two-story warehouse office building in Fremont, California (the "Fremont Building"), which is owned by the Fremont Joint Venture; (vii) a one-story warehouse and office building in Fountain Valley, California (the "Cort Building"), which is owned by the Cort Joint Venture; (viii) a four-story office building in Tampa, Florida (the "PWC Building"); (ix) a four-story office building in Harrisburg, Pennsylvania (the "AT&T Building"), which are owned directly by Wells OP; (x) a two-story manufacturing and office building located in Fountain Inn, South Carolina (the "EYBL CarTex Building"); (xi) a three-story office building located in Leawood, Kansas (the "Sprint Building"); (xii) a one story office building and warehouse in Tredyffrin Township, Pennsylvania (the "Johnson Matthey Building"); (xiii) a two-story office building in Ft. Meyers, Florida (the "Gartner Building"), all four of which are owned by Fund XI-XII-REIT Joint Venture; (xiv) a two-story office building located in Lake Forest, California (the "Matsushita Project"); (xv) a four-story office building under construction in Richmond, Virginia (the "ABB-Richmond Building"); (xvi) a two-story office building and warehouse in Wood Dale, Illinois (the "Marconi Building"); (xvii) a five-story office building in Plano, Texas (the "Cinemark Building"); (xviii) a three-story office building in Tulsa, Oklahoma (the "Metris Building"); (xix) a two-story office building in Scottsdale, Arizona (the "Dial Building"); (xx) a two-story office building in Tempe, Arizona (the "ASML Building"); (xxi) a two-story office building in Tempe, Arizona (the "Motorola Building"); (xxii) a two-story office building in Tempe, Arizona (the "Avnet Building"); (xxiii) a three-story office building in Troy, Michigan (the "Delphi Building"); all ten of which are owned directly by Wells OP; and (xxiv) a three-story office building in Troy, Michigan (the "Siemens Building"), which is owned by the Fund XII-REIT Joint Venture.

(b) Deferred Project Costs

The Company pays Acquisition and Advisory Fees and Acquisition Expenses to Wells Capital, Inc., the Advisor, for acquisition and advisory services and as reimbursement for acquisition expenses. These payments may not exceed 3 1/2% of shareholders' capital contributions. Acquisition and Advisory Fees and Acquisition Expenses paid as of June 30, 2000, amounted to $7,613,708 and represented approximately 3 1/2% of shareholders' capital contributions received. These fees are allocated to specific properties as they are purchased.

(c) Deferred Offering Costs

The Advisor pays all the offering expenses for the Company. The Advisor may be reimbursed by the Company to the extent that such offering expenses do not exceed 3% of shareholders' capital contributions.

(d) Employees

The Company has no direct employees. The employees of Wells Capital, Inc., the Company's Advisor, perform a full range of real estate services including leasing and property management, accounting, asset management and investor relations for the Company.

(e) Insurance

Wells Management Company, Inc., an affiliate of the Company and the Advisor, carries comprehensive liability and extended coverage with respect to all the properties owned directly and indirectly by the Company. In the opinion of management of the registrant, the properties are adequately insured.

(f) Competition

The Company will experience competition for tenants from owners and managers of competing projects which may include its affiliates. As a result, the Company may be required to provide free rent; reduced

charges for tenant improvements and other inducements, all of which may have an adverse impact on results of operations. At the time the Company elects to dispose of its properties, the Company will also be in competition with sellers of similar properties to locate suitable purchasers for its properties.

(g) Basis of Presentation

Substantially all of the Company's business is conducted through Wells OP. At December 31, 1997, the Wells OP had issued 20,000 limited partner units to Wells Capital, Inc., the Advisor, in exchange for a capital contribution of $200,000. The Company is the sole general partner in Wells OP; consequently, the accompanying consolidated balance sheet of the Company includes the amounts of both the Company and Wells OP.

The consolidated financial statements of the Company have been prepared in accordance with instructions to Form 10-Q and do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. These quarterly statements have not been examined by independent accountants, but in the opinion of the Board of Directors, the statements for the unaudited interim periods presented include all adjustments, which are of a normal and recurring nature, necessary to present a fair presentation of the results for such periods. For further information, refer to the financial statements and footnotes included in the Company's Form 10-K for the year ended December 31, 1999.

(h) Distribution Policy

The Company will make distributions each taxable year (not including a return of capital for federal income tax purposes) equal to at least 95% of its real estate investment trusts taxable income. The Company intends to make regular quarterly distributions to holders of the shares. Distributions will be made to those shareholders who are shareholders as of the record date selected by the Directors. Distributions will be declared on a monthly basis and paid on a quarterly basis during the Offering period and declared and paid quarterly thereafter.

(i) Income Taxes

The Company has made an election under Section 856 (C) of the Internal Revenue Code 1986, as amended (the "Code"), to be taxed as a Real Estate Investment Trust ("REIT") under the Code beginning with its taxable year ended December 31, 1998. As a REIT for federal income tax purposes, the Company generally will not be subject to federal income tax on income that it distributes to its shareholders. If the Company fails to qualify as a REIT in any taxable year, it will then be subject to federal income tax on its taxable income at regular corporate rates and will not be permitted to qualify for treatment as a REIT for federal income tax purposes for four years following the year during which qualification is lost. Such an event could materially adversely affect the Company's net income and net cash available to distribute to shareholders. However, the Company believes that it is organized and operates in such a manner as to qualify for treatment as a REIT and intends to continue to operate in the foreseeable future in such a manner so that the Company will remain qualified as a REIT for federal income tax purposes.

(j) Statement of Cash Flows

For the purpose of the statement of cash flows, the Company considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. Cash equivalents include cash and short-term investments.

2. INVESTMENTS IN JOINT VENTURES

The Company owned interests in 24 office buildings through its ownership in Wells OP, which owns interest in five joint ventures. The Company does not have control over the operations of these joint ventures; however, it does exercise significant influence. Accordingly, investment in joint venture is recorded using the equity method.

The following describes additional information about certain of the properties in which the Company owns an interest as of June 30, 2000.

Fund XII-REIT Joint Venture

On April 10, 2000, Wells Fund XII and Wells OP, the Operating Partnership for Wells Real Estate Investment Trust, Inc., entered into a Joint Venture Partnership Agreement for the purpose of acquiring, owning, leasing, operating and managing real properties. The Joint Venture Partnership is known as the Fund XII-REIT Joint Venture Partnership (the "Fund XII-REIT Joint Venture").

As of June 30, 2000, Wells OP had contributed approximately $6,782,935 for an approximate 50% equity interest in the Fund XII-REIT Joint Venture. As of June 30, 2000, Wells Fund XII also had an approximate 50% equity interest in the Fund XII-REIT Joint Venture.

Siemens Building

On May 10, 2000, the Fund XII-REIT Joint Venture acquired the Siemens Building, a three-story office building containing approximately 77,054 rentable square feet on a 5.3-acre tract of land located in Troy, Oakland County, Michigan, for a purchase price of $14,265,000, excluding acquisition costs. The entire Siemens Building is currently under a net lease agreement with Siemens which was assigned to the Fund XII-REIT Joint Venture at closing. The lease currently expires on August 31, 2010, and Siemens has the right to extend the lease for two additional five year periods of time at 95% of the then current fair market rental rate.

Under the lease, Siemens is required to pay as additional monthly rent its gas, water and electricity costs and all operating expenses including, but not limited to, garbage and waste disposal, telephone, sprinkler service, janitorial service, security, insurance premiums, all taxes, assessments and other governmental levies and such other operating expenses with respect to the Siemens Building. In addition, Siemens is responsible for all routine maintenance and repairs to its portion of the Siemens Building. Siemens is responsible for maintenance of the common and service areas and the central heating, ventilation and air conditioning systems of the building.

The Fund XII-REIT Joint Venture, as landlord, is responsible for the repair and replacement of the roof, foundation, loan bearing items, exterior surface walls, plumbing, pipes, conduits and electrical, mechanical and plumbing systems of the Siemens Building. Siemens must obtain written consent from the Fund XII-REIT Joint Venture before making any alterations to the premises in excess of $100,000 in the aggregate within any 12-month period.

Under the terms of the Siemens, lease the Fund XII-REIT Joint Venture is required to reimburse Siemens for tenant improvement costs in the amount of $1,954,516. The Fund XII-REIT Joint Venture received a credit at closing in an amount equal to this tenant improvement allowance.

Siemens has a one-time right to cancel the Siemens lease effective after the 90th month of the term if Siemens (a) provides written notice of such cancellation on or before the last day of the 78th month, and (b) pays a cancellation fee to the Fund XII-REIT Joint Venture currently calculated to be approximately $1,234,160.

For additional information regarding the Siemens Building, refer to Supplement No. 4 dated July 21, 2000 to the Prospectus of Wells Real Estate Investment Trust, Inc. dated December 20, 1999, which was filed with the Commission on July 21, 2000 (Commission File No. 333-83933).

The Avnet Building

On June 12, 2000, Wells OP purchased a two-story office building with approximately 130,070 rentable square feet on a 9.63-acre tract of land located at 8700 Price Road, Tempe, Maricopa County, Arizona (the "Avnet Building") from Ryan Companies US, Inc. The purchase price for the Avnet Building was $13,250,000, excluding closing costs.

The land upon which the Avnet Building is situated is subject to a long-term ground lease (the "Avnet Ground Lease") with the Research Park and, at closing, Wells OP was assigned and assumed all the tenant's rights, duties and obligations under the Avnet Ground Lease which commenced November 19, 1997 and expires on December 31, 2082. The annual ground lease payment for the first 15 years of the Avnet Ground Lease term is $230,777.

The entire Avnet Building is currently under a net lease agreement (the "Avnet Lease") with Avnet, Inc. ("Avnet"). The landlord's interest in the Avnet Lease was assigned to Wells OP at the closing. The initial term of the Avnet Lease is ten years, which expires on May 31, 2010. Avnet has the right to extend the Avnet Lease for two additional five-year periods of time. The current annual rent payable under the Avnet Lease is $1,516,164, out of which Wells OP will be required to make the annual ground lease payment described above.

The Avnet Building is occupied by Avnet Inc., a worldwide industrial distributor of electronic components and computer products.

For additional information regarding the Avnet Building, refer to Supplement No. 4 dated July 21, 2000 to the Prospectus of Wells Real Estate Investment Trust, Inc. dated December 20, 1999, which was filed with the Commission on July 21, 2000 (Commission File No. 333-83933).

The Delphi Building

On June 29, 2000, Wells OP acquired a 107,193 square-foot, three-story, single-tenant office property (the "Delphi Building") fully leased long-term to a subsidiary of Delphi Automotive Systems Corporation (the "Delphi Lease").

The $19,800,000 acquisition is 100% owned by the Wells OP and is 100% occupied. The tenant has signed a ten-year lease. The tenant is a subsidiary of Delphi Automotive Systems Corporation, a diversified supplier of automotive parts and components. Delphi employs over 216,000 people in more than 36 countries and sells its products to every major manufacturer of light automotive vehicles in the world.

The Delphi Building is located on a 5.52-acre tract of land in Troy, Michigan.

The landlord's interest in the Delphi Lease was assigned to Wells OP at the closing. The initial term of the Delphi Lease is ten years, which expires on December 31, 2010. The current annual rent payable under the Delphi Lease is $1,715,088.

For additional information regarding the Delphi Building, refer to Supplement No. 4 dated July 21, 2000 to the Prospectus of Wells Real Estate Investment Trust, Inc. dated December 20, 1999, which was filed with the Commission on July 21, 2000 (Commission File No. 333-83933).

3. NOTES PAYABLE

Notes payable, as of June 30, 2000, consists of loans of (i) $10,320,100 due to SouthTrust Bank secured by a first mortgage against the PWC Building; (ii) $6,465,505 due to SouthTrust Bank secured by a pledge of the ABB property and the ABB Richmond Lease, which is secured by a $4,000,000 letter of credit; (iii) $14,213,986 due to Bank of America secured by a first priority mortgage against the Matsushita Property; (iv) $26,642,933 due to Bank of America secured by first mortgages on the AT&T and Marconi buildings; (v) $8,000,000 due to Richter-Schroeder Company, Inc. secured by a first mortgage against the Metris Building; and (vi) $100,000 due to Ryan Companies US, Inc. secured by a first mortgage on the Avnet Building.

4. DUE TO AFFILIATES

Due to affiliates consists of Acquisitions and Advisory Fees and Acquisition Expenses, deferred offering costs, and other operating expenses paid by the Advisor on behalf of the Company. Also included in Due to Affiliates is the Matsushita lease guarantee which is explained in detail in the December 31, 1999 10-K. Payments of $462,928 have been made as of June 30, 2000 toward fulfilling the Matsushita agreement.

ITEM 2. 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 financial statements of the Company and notes thereto. This report contains forward-looking statements, within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, including discussion and analysis of the financial condition of the Company, anticipated capital expenditures required to complete certain projects, amounts of cash distributions anticipated to be distributed to limited partners in the future, and certain other matters. Readers of this report should be aware that there are various factors that could cause actual results to differ materially from any forward-looking statements made in this report, which include construction costs which may exceed estimates, construction delays, lease-up risks, inability to obtain new tenants upon the expiration of existing leases, and the potential need to fund tenant improvements or other capital expenditures out of operating cash flow.

Liquidity and Capital Resources

The Company began active operations on June 5, 1998, when it received and accepted subscriptions for 125,000 shares pursuant to its initial public offering, which commenced on January 30, 1998. The Company terminated its initial public offering on December 19, 1999, and on December 20, 1999, the Company commenced a follow-on public offering of up to 22,200,000 shares of common stock at $10 per share. As of December 31, 1999, the Company had raised an aggregate of $134,710,850 in offering proceeds through the sale of 13,471,085 shares. As of December 31, 1999, the Company had paid $4,714,880 in Acquisition Advisory Fees and Acquisition Expenses, $16,838,857 in selling commissions and organizational offering expenses, and $112,287,969 in capital contributions to Wells OP for investments in joint ventures and acquisitions of real properties. As of December 31, 1999, the Company was holding net offering proceeds of approximately $869,144 available for investment in additional properties.

Between December 31, 1999, and June 30, 2000, the Company raised an additional $82,993,823 in offering proceeds through the sale of an additional 8,299,383 shares. Accordingly, as of June 30, 2000, the Company had raised a total of $217,704,678 in offering proceeds through the sale of 21,770,468

shares of common stock. As of June 30, 2000, the Company had paid a total of $7,613,708 in Acquisition and Advisory Fees and Acquisition Expenses, had paid a total of $27,191,814 in selling commissions and organizational offering expenses, had made capital contributions of $179,502,869 to Wells OP for investments in joint ventures and acquisitions of real property, had utilized $170,163 for the redemption of stock pursuant to the Company's share redemption program, and was holding net offering proceeds of $3,226,124 available for investment and additional properties.

Cash and cash equivalents at June 30, 2000 and 1999 were $6,315,188 and $19,449,957, respectively. The increase in cash and cash equivalents resulted primarily from raising additional capital offset by increased investment in real property acquisitions.

Operating cash flows are expected to increase as additional properties are added to the Company's investment portfolio. Dividends to be distributed to the shareholders are determined by the Board of Directors and are dependent upon a number of factors relating to the Company, including funds available for payment of dividends, financial condition, capital expenditure requirements and annual distribution requirements in order to maintain the Company's status as a REIT under the Internal Revenue Code.

As of June 30, 2000, the Company had acquired interests in 24 real estate properties. These properties are generating sufficient cash flow to cover the operating expenses of the Company and pay quarterly dividends. Dividends declared for the second quarter of 2000 and the second quarter of 1999 totaled $0.181 and $0.175 per share, respectively, which were declared on a daily record date basis in the amount of $0.1991 and $0.1902, respectively, per share payable to the shareholders of record at the close of business of each day during the quarter.

Cash Flows from Operating Activities

Net cash provided by operating activities was $3,060,467 for the six months ended June 30, 2000 and $112,955 for the six months ended June 30, 1999. The increase in net cash provided by operating activities was due primarily to the purchase of additional properties in 1999 and 2000.

Cash Flows from Investing Activities

The increase in net cash used in investing activities from $23,857,111 for the six months ended June 30, 1999 to $109,152,779 for the six months ended June 30, 2000 was due primarily to the raising of additional capital and funds that have been invested in real property acquisitions.

Cash Flows from Financing Activities

The increase in net cash provided by financing activities from $35,214,710 for the six months ended June 30, 1999 to $109,477,696 for the six months ended June 30, 2000 was due primarily to the raising of additional capital and the corresponding increase in funds borrowed to purchase additional properties. The Company raised $82,993,823 in offering proceeds for the six months ended June 30, 2000, as compared to $46,164,450 for the six months ended June 30, 1999. In addition, the Company received loan proceeds from financing secured by properties of $66,170,746 and repaid notes payable in the amount of $24,357,450.

Results of Operations

As of June 30, 2000, the properties owned by the Company were 100% occupied. Gross revenues for the six months ended June 30, 1999 and for the six months ended June 30, 2000 were $2,192,938 and $9,148,027, respectively. This increase was due to the purchase of additional properties during 1999 and 2000. The purchase of interests in additional properties also resulted in an increase in operating

expenses, management and leasing fees, and depreciation expense. The Company's net income increased to $3,212,309 for the first six months of 2000 as compared to $995,413 for the first six months of 1999.

Subsequent Event

On June 15, 2000, the Fund VIII-IX-REIT Joint Venture was formed between Wells OP and Fund VIII and Fund IX Associates, a Georgia joint venture partnership between Wells Real Estate Fund VIII, L.P. and Wells Real Estate Fund IX, L.P. (the "Fund VIII-IX Joint Venture"). On July 1, 2000, the Fund VIII-IX Joint Venture contributed its interest in the Bake Parkway Property to the Fund VIII-IX-REIT Joint Venture. The Bake Parkway Building is a two-story office building containing approximately 65,006 rentable square feet on a 4.4 acre tract of land in Irvine, California.

A 42-month lease for the entire Bake Parkway Building has been signed by Quest Software, Inc. Quest is a publicly traded corporation that provides software database management and disaster recovery services for its clients.

Construction of tenant improvements required under the Quest lease is anticipated to cost approximately $1,250,000 and will be funded by Wells OP.

Property Operations

As of June 30, 2000, the Company owned interests in the following operational properties:

The ABB Building/Fund IX-X-XI-REIT Joint Venture

	Three Months Ended		Six Months Ended	
	June 30, 2000	June 30, 1999	June 30, 2000	June 30, 1999
Revenues:				
Rental income	$291,417	$261,987	$606,582	$522,079
Interest income	15,976	16,681	33,704	31,741
	307,393	278,668	640,286	553,820
Expenses:				
Depreciation	98,454	134,100	196,908	268,200
Management and leasing expenses	23,395	29,504	75,955	61,406
Other operating expenses	(9,264)	25,829	(42,634)	3,707
	112,585	189,433	230,229	333,313
Net income	$194,808	$ 89,235	$410,057	$220,507
Occupied percentage	100%	98.28%	100%	98.28%

Company's ownership percentage	3.72%	3.74%	3.72%	3.74%
Cash distribution to the Company	$ 10,905	$ 8,419	$ 22,439	$ 18,409
Net income allocated to the Company	$ 7,242	$ 3,336	$ 15,250	$ 8,322

Rental income increased in 2000, over 1999, due primarily to the increased occupancy level of the property. Total expenses decreased due to a decrease in depreciation expense resulting from accelerated depreciation in 1999 on tenant improvements for a short-term lease for 23,092 square feet. Other operating expenses are negative due to an offset of tenant reimbursements in operating costs, as well as management and leasing fee reimbursements. Tenants are billed an estimated amount for the current year common area maintenance which is then reconciled the following year and the difference billed to the tenant. Net income and cash distributions increased in 2000 over 1999 due to a combination of increased rental income and decreased operating expenses.

The Company's ownership interest in the Fund IX-X-XI-REIT Joint Venture decreased slightly due to additional capital contributions in the first and second quarters of 2000 by Wells Fund IX and Wells Fund X, respectively, to the Fund IX-X-XI-REIT Joint Venture.

The Ohmeda Building/Fund IX-X-XI-REIT Joint Venture

	Three Months Ended		Six Months Ended	
	June 30,	June 30,	June 30,	June 30,
	2000	1999	2000	1999
Revenues:				
Rental income	$256,828	$256,829	$513,657	$513,657
Expenses:				
Depreciation	81,576	81,576	163,152	163,152
Management and leasing expenses	11,829	12,058	28,830	23,675
Other operating expenses	53,401	(4,450)	80,995	(4,087)
	146,806	89,184	272,977	182,740
Net income	$110,022	$167,645	$240,680	$330,917
Occupied percentage	100%	100%	100%	100%
Company's ownership percentage	3.72%	3.74%	3.72%	3.74%
Cash distribution to the Company	$ 6,912	$ 9,104	$ 14,597	$ 18,188
Net income allocated to the Company	$ 4,092	$ 6,268	$ 8,953	$ 12,469

Net income decreased in 2000, as compared to 1999, due to an overall increase in expenses. Operating expenses increased significantly due, in part, to a significant rise in real estate taxes, which stemmed from the revaluation of the property by Boulder County authorities in 1999. A later reduction in taxes due to an appeal in 2000 was offset by a common area maintenance credit to the tenant.

Cash distributions have decreased largely because of the decrease in net income. The Company's ownership interest in the Fund IX-X-XI-REIT Joint Venture decreased slightly due to additional capital contributions in the first and second quarters of 2000 by Wells Fund IX and Wells Fund X, respectively, to the Fund IX-X-XI-REIT Joint Venture.

The 360 Interlocken Building/Fund IX-X-XI-REIT Joint Venture

	Three Months Ended		Six Months Ended	
	June 30, 2000	June 30, 1999	June 30, 2000	June 30, 1999
Revenues:				
Rental income	$222,255	$207,758	$428,444	$414,279
Expenses:				
Depreciation	71,670	71,670	143,340	143,340
Management and leasing expenses	35,810	17,755	56,717	35,619
Other operating costs	(35,614)	12,884	(52,534)	10,633
	71,866	102,309	147,523	189,592
Net income	$150,389	$105,449	$280,921	$224,687
Occupied percentage	100%	100%	100%	100%
Company's ownership percentage	3.72%	3.74%	3.72%	3.74%
Cash distribution to the Company	$ 8,305	$ 6,566	$ 15,879	$ 13,752
Net income allocated to the Company	$ 5,591	$ 3,942	$ 10,447	$ 8,463

Rental income increased due to a tenant occupying additional space previously leased to another tenant at a lower rate. Other operating expenses are negative due to an offset of tenant reimbursements in operating costs, as well as management and leasing fee reimbursement. Tenants are billed an estimated amount for current year common area maintenance which is then reconciled the following year and the difference billed to the tenants. Due to these common area maintenance reimbursements, management and leasing fees increased since these fees are charged only on actual receipts received.

Cash distributions and net income allocated to the Company for the quarter ended June 30, 2000 increased in 2000 over 1999 due to an increase in net income. The Company's ownership interest in the Fund IX-X-XI-REIT Joint Venture decreased slightly due to additional cash fundings in the first and second quarters of 2000 by Wells Fund IX and Wells Fund X, respectively, to the Fund IX-X-XI-REIT Joint Venture.

The Lucent Technologies Building/Fund IX-X-XI-REIT Joint Venture

	Three Months Ended		Six Months Ended	
	June 30, 2000	June 30, 1999	June 30, 2000	June 30, 1999
Revenues:				
Rental income	$145,752	$145,752	$291,504	$291,504
Expenses:				
Depreciation	45,801	45,801	91,602	91,602
Management and leasing expenses	5,370	5,370	10,740	10,739
Other operating expenses	4,538	9,184	8,019	12,198
	55,709	60,355	110,361	114,539
Net income	$ 90,043	$ 85,397	$181,143	$176,965
Occupied percentage	100%	100%	100%	100%
Company's ownership percentage	3.72%	3.74%	3.72%	3.74%
Cash distribution to the Company	$ 4,622	$ 4,475	$ 9,324	$ 9,256
Net income allocated to the Company	$ 3,347	$ 3,193	$ 6,737	$ 6,672

Rental income, depreciation, and management and leasing expenses remained stable in 2000, as compared to 1999, while other operating expenses were slightly lower, due primarily to a one-time charge for consulting fees in 1999 which did occur in 2000.

The Company's ownership interest in the Fund IX-X-XI-REIT Joint Venture decreased slightly due to additional capital contributions in the first and second quarters of 2000 by the Wells Fund IX and Wells Fund X, respectively, to the Fund IX-X-XI-REIT Joint Venture.

The Iomega Building/Fund IX-X-XI-REIT Joint Venture

	Three Months Ended		Six Months Ended	
	June 30, 2000	June 30, 1999	June 30, 2000	June 30, 1999
Revenues:				
Rental income	$168,250	$123,873	$336,500	$247,746
Expenses:				
Depreciation	55,062	48,495	110,124	96,990
Management and leasing expenses	7,280	3,735	14,560	9,338
Other operating expenses	5,219	4,238	10,367	2,525
	67,561	56,468	135,051	108,853
Net income	$100,689	$ 67,405	$201,449	$138,893
Occupied percentage	100%	100%	100%	100%

Company's ownership percentage	3.72%	3.74%	3.72%	3.74%
Cash distribution to the Company	$ 5,610	$ 4,188	$ 11,228	$ 8,599
Net income allocated to the Company	$ 3,743	$ 2,520	$ 7,492	$ 5,236

Rental income increased in 2000, as compared to 1999, due to the completion of the parking lot complex in the second quarter of 1999. Total expenses increased in 2000, over 1999, due to an increase in depreciation and real estate tax expenses relating to the new parking lot. Cash distributions increased in 2000, over 1999, due primarily to the increase in net income.

The Company's ownership interest in the Fund IX-X-XI-REIT Joint Venture decreased slightly due to additional capital contributions in the first and second quarters of 2000 by Wells Fund IX and Wells Fund X, respectively, to the Fund IX-X-XI-REIT Joint Venture.

The Cort Building/Wells/Orange County Joint Venture

	Three Months Ended		Six Months Ended	
	June 30,	June 30,	June 30,	June 30,
	2000	1999	2000	1999
Revenues:				
Rental income	$198,886	$198,886	$397,771	$397,771
Expenses:				
Depreciation	46,641	46,641	93,282	93,282
Management and leasing expenses	7,590	7,590	15,180	15,180
Other operating expenses	(7,241)	5,281	3,930	13,453
	46,990	59,512	112,392	121,915
Net income	$151,896	$139,374	$285,379	$275,856
Occupied percentage	100%	100%	100%	100%
Company's ownership percentage	43.7%	43.7%	43.7%	43.7%
Cash distributions to the Company	$ 82,705	$ 77,237	$157,370	$153,211
Net income allocated to the Company	$ 66,329	$ 60,861	$124,617	$120,459

Rental income, depreciation, and management and leasing expenses remained stable in 2000, as compared to 1999, while other operating expenses are lower due to CAM reimbursements billed in 2000 to the tenants. No CAM billing was charged to the tenant in 1999. Tenants are billed an estimated amount for common area maintenance which is then reconciled the following year, and the difference is billed to the tenant.

The Fairchild Building/Wells/Fremont Joint Venture

	Three Months Ended		Six Months Ended	
	June 30,	June 30,	June 30,	June 30,
	2000	1999	2000	1999
Revenues:				
Rental income	$225,195	$225,211	$450,390	$450,421
Expenses:				
Depreciation	71,382	71,382	142,764	142,764
Management and leasing expenses	9,175	9,343	18,350	18,667
Other operating expenses	2,842	6,315	6,612	7,315
	83,399	87,040	167,726	168,746
Net income	$141,796	$138,171	$282,664	$281,675
Occupied percentage	100%	100%	100%	100%
Company's ownership percentage	77.5%	77.5%	77.5%	77.5%
Cash distribution to the Company	$159,128	$151,707	$317,537	$307,547
Net income allocated to the Company	$109,897	$107,087	$219,076	$218,309

Rental income, net income and cash distributions to the Company remained stable in 2000, as compared to 1999.

The PCW Building

	Three Months Ended		Six Months Ended	
	June 30,	June 30,	June 30,	June 30,
	2000	1999	2000	1999
Revenues:				
Rental income	$552,298	$552,298	$1,104,596	$1,104,340
Expenses:				
Depreciation	206,037	205,251	412,074	411,021
Management and leasing expenses	39,437	32,263	78,382	73,535
Other operating expenses	(69,651)	46,214	(105,680)	181,217
	175,823	283,728	384,776	665,773
Net income	$376,475	$268,570	$ 719,820	$ 438,567
Occupied percentage	100%	100%	100%	100%
Company's ownership percentage	100%	100%	100%	100%
Cash generated to the Company	$527,849	$407,917	$1,024,078	$ 717,780
Net income generated to the Company	$376,475	$268,570	$ 719,820	$ 438,567

Rental income has remained stable. Other operating expenses are negative due to increased common area maintenance billings in 2000. Management and leasing fee reimbursement is also included in other operating expenses. Tenants are billed an estimated amount for current year common area maintenance which is then reconciled the following year, and the difference billed to the tenants.

The AT&T Building

	Three Months Ended		Six Months Ended	Five Months Ended
	June 30,	June 30,	June 30,	June 30,
	2000	1999	2000	1999
Revenues:				
Rental income	$340,833	$300,533	$681,665	$474,674
Expenses:				
Depreciation	120,744	120,750	241,488	201,222
Management and leasing expenses	15,338	5,130	30,676	8,550
Other operating expenses	(764)	8,762	6,110	9,569
Interest expense	3,210	111,652	6,416	178,576
	138,528	246,294	284,690	397,917
Net income	$202,305	$ 54,239	$396,975	$ 76,757
Occupied percentage	100%	100%	100%	100%
Company's ownership percentage	100%	100%	100%	100%
Cash generated to the Company	$314,185	$247,143	$638,599	$279,185
Net income generated to the Company	$202,305	$ 54,239	$396,975	$ 76,757

On February 4, 1999, the Wells OP acquired a four-story office building containing approximately 81,859 rentable square feet on a 10.5-acre tract of land in Harrisburg, Pennsylvania (the "AT&T Building"), for a purchase price of $12,291,200, excluding acquisitions costs.

Rental income increased for the three months ended June 30, 2000, as compared to the three months ended June 30, 1999, due to an understatement of straight line rent in 1999. Interest expense has decreased in 2000 due to a substantial decrease in the note payable related to this property.

Since the AT&T Building was purchased in February 1999, comparable income and expenses figures for the prior year are available for only five months.

The EYBL CarTex Building/Wells Fund XI-XII-REIT Joint Venture

	Three Months Ended	Six Months Ended	Six Months Ended
	June 30,	June 30,	June 30,

	2000	2000	1999
Revenues:			
Rental income	$140,089	$280,178	$70,126
Expenses:			
Depreciation	49,900	99,801	33,268
Management and leasing expenses	5,496	11,217	10,849
Other operating expenses	9,174	19,014	0
	64,570	130,032	44,117
Net income	$ 75,519	$150,146	$26,009
Occupied percentage	100%	100%	100%
Company's ownership percentage	56.8%	56.8%	70.1%
Cash distribution to the Company	$ 65,979	$122,907	$35,515
Net income allocated to the Company	$ 42,866	$ 85,227	$18,248

On May 18, 1999, Wells Real Estate, LLC-SC I ("Wells LLC"), a Georgia limited liability company wholly owned by the Wells Fund XI-REIT Joint Venture, acquired a manufacturing and office building containing 169,510 square feet located in Fountain Inn, unincorporated Greenville County, South Carolina (the "EYBL CarTex Building") for a purchase price of $5,085,000 excluding acquisitions costs.

Since the EYBL CarTex Building was purchased in May of 1999, comparable income and expense figures for the prior year are available for only two months. Since acquisition of the property by Fund XI-XII-REIT, the property has remained 100% occupied and no significant changes have occurred to its operations.

The Company's ownership interest in the Fund XI-XII-REIT Joint Venture decreased due to the admittance of Wells Fund XII to the Fund XI-REIT Joint Venture on June 21, 1999.

The Sprint Building/Fund XI-XII-REIT Joint Venture

	Three Months Ended June 30, 2000	Six Months Ended June 30, 2000
Revenues:		
Rental income	$265,997	$531,994
Expenses:		
Depreciation	81,778	163,557
Management and leasing expenses	11,240	22,479
Other operating expenses	4,334	10,658
	97,352	196,694

Net income	$168,645	$335,300
Occupied percentage	100%	100%
Company's ownership percentage	56.8%	56.8%
Cash distribution to the Company	$132,933	$264,736
Net income allocated to the Company	$ 95,729	$190,327

On July 2, 1999, the Fund XI-XII-REIT Joint Venture acquired a three-story office building with approximately 68,900 rentable square feet located in Leawood, Johnson County, Kansas (the "Sprint Building") for the purchase price of $9,546,210.

Since the Sprint Building was purchased in July 1999, comparative income and expense figures are not available for the prior year.

Since acquisition of the property by Fund XI-XII-REIT Joint Venture, the property has remained 100% occupied and no significant changes have occurred to its operations.

Johnson Matthey Building/Fund XI-XII-REIT Joint Venture

	Three Months Ended June 30, 2000	Six Months Ended June 30, 2000
Revenues:		
Rental income	$214,474	$428,948
Expenses:		
Depreciation	63,838	127,737
Management and leasing expenses	8,884	17,769
Other operating expenses	5,252	10,129
	78,004	155,635
Net income	$136,470	$273,313
Occupied percentage	100%	100%
Company's ownership percentage	56.8%	56.8%
Cash distribution to the Company	$104,047	$208,307
Net income allocated to the Company	$ 77,464	$155,140

On August 17, 1999, the Fund XI-XII-REIT Joint Venture acquired a research and development office and warehouse building containing approximately 130,000 rentable square feet on a ten-acre tract of land located in Tredyffrin Township, Chester County, Pennsylvania (the "Johnson Matthey Building"), for a purchase price of $8,000,000, excluding acquisition costs.

The entire Johnson Matthey Building is currently under a net lease with Johnson Matthey, and was assigned to the Fund XI-XII-REIT Joint Venture at closing. The lease currently expires on June 2007, and Johnson Matthey has the right to extend the lease for two additional three-year periods of time. Under the lease, Johnson Matthey is required to pay as additional rent all real estate taxes, special assessments, utilities, taxes, insurance and other operating costs with respect to the Johnson Matthey Building during the term of the lease. In addition, Johnson Matthey is responsible for all routine maintenance and repairs to the Johnson Matthey Building. The Fund XI-XII-REIT Joint Venture, as landlord, is responsible for maintenance of the footings and foundations and the structural steel columns and girders associated with the building.

Since the Johnson Matthey Building was purchased in August 1999, comparative income and expense figures are not available for the prior year.

Since acquisition of the property by Fund XI-XII-REIT Joint Venture, the property has remained 100% occupied and no significant changes have occurred to its operations.

The Gartner Building/Fund XI-XII-REIT Joint Venture

	Three Months Ended June 30, 2000	Six Months Ended June 30, 2000
Revenues:		
Rental income	$216,567	$420,808
Expenses:		
Depreciation	77,622	155,245
Management and leasing expenses	9,086	19,248
Other operating expenses	(4,482)	(19,793)
	82,226	154,700
Net income	$134,341	$266,108
Occupied percentage	100%	100%
Company's ownership percentage	56.8%	56.8%
Cash distribution to the Company	$109,577	$217,708
Net income allocated to the Company	$ 76,256	$151,051

On September 20, 1999, the Fund XI-XII-REIT Joint Venture acquired a two-story office building containing approximately 62,400 rentable square feet located on a 4.9-acre tract of land located in Ft. Myers, Florida (the "Gartner Building"), for a purchase price of $8,320,000, excluding acquisition costs.

Other operating expenses are negative due to an offset of tenant reimbursements in operating costs both for the first quarter of 2000 as well as the fourth quarter of 1999. Since the building was purchased in September of 1999, the Company was not able to estimate the amount to be billed for

1999 until first quarter of 2000.

Since the Gartner Building was purchased in September 1999, comparative income and expense figures are not available for the prior year.

The Marconi Building

	Three Months Ended June 30, 2000	Six Months Ended June 30, 2000
Revenues:		
Rental income	$817,819	$1,635,638
Expenses:		
Depreciation	293,352	586,704
Management and leasing expenses	35,509	72,962
Other operating expenses	5,860	12,495
	334,721	672,161
Net income	$483,098	$ 963,477
Occupied percentage	100%	100%
Company's ownership percentage	100%	100%
Cash generated to the Company	$671,940	$1,343,105
Net income generated to the Company	$483,098	$ 963,477

On September 10, 1999, Wells OP acquired a two-story corporate headquarters facility containing approximately 250,354 rentable square feet on a 15.3-acre tract of land in Wood Dale, Illinois (the "Marconi Building"), for a purchase price of $32,630,940, excluding acquisition costs.

The building is 100% leased by Marconi Data, with a lease expiration of November 2011.

Since the Marconi Building was purchased in September 1999, comparable income and expense figures for the prior year are not available.

The Matsushita Building

	Three Months Ended June 30, 2000	Six Months Ended June 30, 2000
Revenues:		

Rental income	$492,420	$1,017,029
Expenses:		
Depreciation	254,757	509,514
Management and leasing expenses	46,815	90,918
Other operating expenses	17,365	34,680
	318,937	635,112
Net income	$173,483	$ 381,917
Occupied percentage	100%	100%
Company's ownership percentage	100%	100%
Cash generated to the Company	$442,307	$ 715,556
Net income generated to the Company	$173,483	$ 381,917

As of June 30, 2000, Wells OP had spent approximately $18,000,000 towards the construction of the approximately 150,000 square foot office building in Lake Forest, California (the "Matsushita Building"). The Matsushita Building is substantially complete, and the aggregate of all costs and expenses to be incurred by Wells OP with respect to the acquisition and construction of the Matsushita Building is not expected to exceed the budget of $18,400,000. The screen wall for the roof top air conditioning unit will be completed in the third quarter of 2000.

On January 4, 2000, Matsushita Avionics occupied 100% of the 150,000 rentable square foot building. The monthly base rent is based upon a projected total cost for the Matsushita project of $17,847,769. If the total project cost is more or less than $17,847,769, then the monthly base rent shall be adjusted upward or downward, as the case may be, by 10% of the difference. Matsushita is currently paying $154,602 in monthly rent.

Since the Matsushita Building opened in January 2000, comparable income and expense figures for the prior year are not available.

The Cinemark Building

	Three Months Ended June 30, 2000	Six Months Ended June 30, 2000
Revenues:		
Rental income	$701,262	$1,402,866
Expenses:		
Depreciation	212,310	424,586
Management and leasing expenses	29,340	62,040
Other operating expenses	142,265	307,855
	383,915	794,481
Net income	$317,347	$ 608,385

Occupied percentage	100%	100%
Company's ownership percentage	100%	100%
Cash generated to the Company	$482,521	$ 938,437
Net income generated to the Company	$317,347	$ 608,385

On December 21, 1999, Wells OP acquired a five-story office building containing approximately 118,108 rentable square feet on a 3.52-acre tract of land in Plano, Texas (the "Cinemark Building"), for a purchase price of $21,800,000, excluding acquisition costs.

The building is 100% leased by Cinemark and Coca-Cola, with lease expirations of November 2009 and November 2006, respectively.

Since the Cinemark Building was purchased in December of 1999, comparable income and expense figures for the prior year are not available.

The Metris Building

	Three Months Ended June 30, 2000	Five Months Ended June 30, 2000
Revenues:		
Rental income	$309,552	$482,044
Expenses:		
Depreciation	120,376	197,506
Management and leasing expenses	13,364	20,737
Other operating expenses	4,162	7,078
	137,902	225,321
Net income	$171,650	$256,723
Occupied percentage	100%	100%
Company's ownership percentage	100%	100%
Cash generated to the Company	$281,123	$435,798
Net income generated to the Company	$171,650	$256,723

In February 2000, Wells OP acquired a three-story office building containing approximately 101,100 rentable square feet on a 14.6-acre tract of land in Tulsa, Oklahoma (the "Metris Building"), for a purchase price of $12,700,000 excluding acquisition costs.

The building is 100% leased by Metris, with a lease expiration of January 31, 2010. The annual base rent payable under the Metris lease is $1,187,925 through January 2005 and then $1,306,718 through January 2010.

Since the Metris Building was purchased in February of 2000, comparable income and expense figures for the prior year are not available.

The Dial Building

	Three Months Ended June 30, 2000	Four Months Ended June 30, 2000
Revenues:		
Rental income	$346,918	$358,109
Expenses:		
Depreciation	126,609	130,503
Management and leasing expenses	16,412	16,412
Other operating expenses	12,941	12,941
	155,962	159,856
Net income	$190,956	$198,253
Occupied percentage	100%	100%
Company's ownership percentage	100%	100%
Cash generated to the Company	$330,885	$342,076
Net income generated to the Company	$190,956	$198,253

On March 29, 2000, Wells OP acquired a two-story office building containing approximately 129,689 rentable square feet on a 8.8375-acre tract of land in Scottsdale, Arizona (the "Dial Building"), for a purchase price of $14,250,000, excluding acquisition costs.

The building is 100% leased by Dial Corporation, with a lease expiration of August 31, 2008. The annual base rent payable under the Dial lease is $1,387,672 through the initial term of the lease.

Since the Dial Building was purchased in March of 2000, comparable income and expense figures for the prior year are not available.

The ASML Building

	Three Months Ended	Four Months Ended

	June 30, 2000	June 30, 2000
Revenues:		
Rental Income	$586,875	$602,422
Expenses:		
Depreciation	191,157	197,436
Management and leasing expenses	28,322	28,322
Other operating expenses	54,667	56,170
	274,146	281,928
Net income	$312,729	$320,494
Occupied percentage	100%	100%
Company's ownership percentage	100%	100%
Cash generated to the Company	$420,231	$434,275
Net income generated to the Company	$312,729	$320,494

On March 29, 2000, Wells OP acquired a two-story office building containing approximately 95,133 rentable square feet on a 9.51-acre tract of land in Tempe, Arizona (the "ASML Building"), for a purchase price of $17,355,000, excluding acquisition costs.

The building is 100% leased by ASML Lithography, Inc. ("ASML"), with a lease expiration of June 30, 2013. The current annual base rent payable under the ASML Lease is $1,927,788, out of which Wells OP is required to make ground lease payments in the amount of $186,368 annually.

Since the ASML Building was purchased in March of 2000, comparable income and expense figures for the prior year are not available.

The Motorola Building

	Three Months Ended June 30, 2000	Four Months Ended June 30, 2000
Revenues:		
Rental income	$485,834	$500,704
Expenses:		
Depreciation	176,250	182,039
Management and leasing expenses	21,698	21,698
Other operating expenses	64,688	66,655
	262,636	270,392

Net income	$223,198	$230,312
Occupied percentage	100%	100%
Company's ownership percentage	100%	100%
Cash generated to the Company	$385,066	$397,969
Net income generated to the Company	$223,198	$230,312

On March 29, 2000, Wells OP acquired a two-story office building containing approximately 133,225 rentable square feet on a 12.44-acre tract of land in Tempe, Arizona (the "Motorola Building"), for a purchase price of $16,000,000, excluding acquisition costs.

The building is 100% leased by Motorola, Inc. ("Motorola"), with a lease expiration of August 31, 2005. The current annual base rent payable under the Motorola lease is $1,843,834, out of which Wells OP is required to make ground lease payments in the amount of $243,825 annually.

Since the Motorola Building was purchased in March of 2000, comparable income and expense figures for the prior year are not available.

The Siemens Building/Fund XII-REIT Joint Venture

	Two Months Ended June 30, 2000
Revenues:	
Rental income	$222,575
Expenses:	
Depreciation	69,334
Management and leasing expenses	3,284
Operating costs, net of reimbursements	227
	72,845
Net income	$149,730
Occupied percentage	100%
Company's ownership percentage	50%
Cash distributed to the Company	$ 93,319
Net income allocated to the Company	$ 74,865

On May 10, 2000, the Fund XII-REIT Joint Venture acquired a three-story office building containing approximately 77,054 rentable square feet on a 5.3-acre tract of land located in Troy, Oakland County, Michigan (the "Siemens Building"), for a purchase price of $14,265,000, excluding acquisition costs. The entire Siemens Building is currently under a net lease agreement with Siemens which was assigned to the Fund XII-REIT Joint Venture at closing. The lease currently expires on August 31, 2010, and Siemens has the right to extend the lease for two additional five-year periods of time.

The monthly lease rent payable under the Siemens lease for the remainder of the lease term is $109,160 for year 1; $111,857 for year 2; $114,554 for year 3; $117,251 for year 4; $119,947 for year 5; $122,644 for year 6; $125,341 for year 7; $128,038 for year 8; $130,735 for year 9; and $133,432 for year 10 and the first six months of year 11.

Under the lease, Siemens is required to pay as additional monthly rent all real estate taxes, special assessments, utilities, taxes, insurance, and other operating costs with respect to the Siemens Building. In addition, Siemens is responsible for all routine maintenance and repairs to its portion of the Siemens Building. The Fund XII-REIT Joint Venture, as landlord, is responsible for the repair and replacement of the roof, structure, and foundation.

Since the Siemens Building was purchased in May 2000, comparative income and expense figures are not available for the prior year.

The Avnet Building

	One Month Ended June 30, 2000
Revenues:	
Rental income	$90,588
Expenses:	
Depreciation	44,238
Other operating expenses	12,431
	56,669
Net income	$33,919
Occupied percentage	100%
Company's ownership percentage	100%
Cash generated to the Company	$67,589
Net income generated to the Company	$33,919

On June 12, 2000, Wells OP acquired a two-story office building containing approximately 130,070 rentable square feet on a 9.63-acre tract of land in Tempe, Arizona (the "Avnet Building"), for a purchase price of $13,250,000, excluding acquisition costs.

The building is 100% leased by Avnet, Inc. ("Avnet"), with a lease expiration of May 31, 2010. The current annual base rent payable under the Avnet lease is $1,516,164 out of which Wells OP is required to make ground lease payments in the amount of $230,777 annually.

Since the Avnet Building was purchased in June of 2000, comparable income and expense figures for the prior year are not available.

The Delphi Building

	One Month Ended June 30, 2000
Revenues:	
Rental income	$16,742
Expenses:	
Depreciation	3,235
Other operating expenses	7,132
	10,367
Net income	$ 6,375
Occupied percentage	100%
Company's ownership percentage	100%
Cash generated to the Company	$ 3,576
Net income generated to the Company	$ 6,375

On June 29, 2000, Wells OP acquired a three-story office building containing approximately 107,193 rentable square feet on a 5.52-acre tract of land in Troy, Michigan (the "Delphi Building"), for a purchase price of $19,800,000, excluding acquisition costs.

The building is 100% leased by Delphi Automotive Systems Corporation ("Delphi"), with a lease expiration of December 31, 2010. The current annual base rent payable under the Delphi lease is $1,715,088.

Since the Delphi Building was purchased in June of 2000, comparable income and expense figures for the prior year are not available.

PART II. OTHER INFORMATION

ITEM 4. Submission of Matters to a Vote of Security Holders.

(a) On June 28, 2000, the Registrant held its annual meeting of shareholders at The Atlanta Athletic Club in Duluth, Georgia.

(b) The shareholders of the Registrant elected the following individuals to the board of directors: Leo F. Wells, III, Douglas P. Williams, John L. Bell, Richard W. Carpenter, Bud Carter, William H. Koegler, Jr., Donald S. Moss, Walter W. Sessoms and Neil H. Strickland.

(c) The following matters were approved by the shareholders of the Registrant at the annual meeting.

(1) The following votes were cast in connection with the election of the directors:

Name	Votes For	Votes Withheld
Leo F. Wells, III	9,703,330	88,605
Douglas P. Williams	9,703,330	88,605
John L. Bell	9,703,330	88,605
Richard W. Carpenter	9,703,330	88,605
Bud Carter	9,703,330	88,605
William H. Keogler, Jr.	9,703,330	88,605
Donald S. Moss	9,703,330	88,605
Walter W. Sessoms	9,703,330	88,605
Neil H. Strickland	9,703,330	88,605

(2) Registrant's Articles of Incorporation were amended to increase the number of authorized number of shares from 90,000,000 shares of capital stock to 500,000,000 shares of capital stock, consisting of 350,000,000 shares of common stock, 50,000,000 shares of preferred stock and 100,000,000 shares-in-trust. 9,027,806 shares voted for, and 764,129 shares voted against this amendment.

(3) Registrant's Articles of Incorporation were amended to correctly reflect January 30, 2008, as the date upon which Registrant must begin liquidation in the event that listing of its shares does not occur. 9,183,841 shares voted for and 608,094 shares voted against this amendment.

(4) Registrant's Articles of Incorporation were amended to clarify the ability of the board of directors to waive the 9.8% share ownership limits under certain circumstances. 8,862,074 shares voted for, and 929,861 shares voted against this amendment.

(5) Various other provisions of Registrant's Articles of Incorporation were also amended to bring them into conformity with industry practices. 9,274,317 shares voted for and 517,618 shares voted against these amendments.

(6) The 2000 Employee Stock Option Plan, which authorizes the board of directors to grant stock options of Registrant to certain key employees of Wells Capital, Inc., our Advisor, and Wells Management Company, Inc., was approved. 8,913,910 shares voted for and 878,025 shares voted against this plan.

(7) The Independent Director Warrant Plan, which authorizes Registrant to issue to independent directors warrants to purchase 25 additional shares for every share they purchase, was approved. 8,774,290 shares voted for, and 1,017,645 shares voted against this plan.

(8) Arthur Andersen LLP was ratified as Registrant's independent auditors for the fiscal year ending December 31, 2000. 9,308,714 shares voted for and 483,221 shares voted against the ratification of our independent auditors.

ITEM 6 (b.) On April 12, 2000, the Registrant filed a Current Report on Form 8-K dated March 29,2000 describing the acquisition of the Dial, ASML and Avnet Buildings.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

WELLS REAL ESTATE INVESTMENT TRUST, INC.
(Registrant)

Dated: August 11, 2000

By: /s/ Leo F. Wells, III

Leo F. Wells, III
President, Director, and Chief Financial Officer

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