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 September 30, 1999 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)

Maryland	58-2328421
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
3885 Holcomb Bridge Road, 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 SUBSIDIARIES

INDEX

Page No.

PART I. FINANCIAL INFORMATION

WELLS REAL ESTATE INVESTMENT TRUST, INC. AND SUBSIDIARIES

BALANCE SHEETS

	September 30, 1999	December 31, 1998
ASSETS:		
Real estate, at cost:		
Land	$ 12,984,155	$ 1,520,834
Building improvements, less accumulated depreciation of $1,036,003 in 1999	66,019,334	20,076,845
Total real estate	79,003,489	21,597,679
Investments in joint ventures (Note 2)	29,617,140	11,568,677
Due from affiliates	546,602	262,345
Cash and cash equivalents	2,850,263	7,979,403
Deferred project costs (Note 3)	19,431	335,421
Deferred offering costs (Note 4)	749,369	548,729
Prepaid expenses and other assets	946,847	540,319
Total assets	$ 113,733,141	$ 42,832,573
LIABILITIES AND SHAREHOLDERS' EQUITY:		
Liabilities:		
Accounts payable	$ 513,993	$ 187,827
Notes payable (Note 6)	16,926,057	14,059,930
Due to affiliates (Note 5)	838,493	554,953
Dividends payable	1,645,122	408,176
Minority interest of unit holder in operating partnership	200,000	200,000
Total liabilities	20,123,665	15,410,886
COMMITMENT AND CONTINGENT LIABILITIES (Note 7)		
Shareholders' equity:		
Common shares, $.01 par value; 40,000,000 shares authorized, 10,846,930 shares issued and outstanding at September 30, 1999 and 3,154,136 shares issued and outstanding at December 31, 1998	108,469	31,541

Additional paid-in capital	90,894,541	27,056,112
Retained earnings	2,606,466	334,034
Total shareholders' equity	93,609,476	27,421,687
Total liabilities and shareholders' equity	$ 113,733,141	$ 42,832,573

See accompanying condensed notes to financial statements.

WELLS REAL ESTATE INVESTMENT TRUST, INC. AND SUBSIDIARIES

STATEMENTS OF INCOME

	Three Months Ended		Nine Months Ended	Four Months Ended
	September 30, 1999	September 30, 1998	September 30, 1999	September 30, 1998
REVENUES:				
Rental income	$ 1,227,144	$ 0	$ 2,806,158	$ 0
Equity in income of joint ventures	384,887	68,683	783,065	75,314
Interest income	191,321	4,609	407,067	8,895
	1,803,352	73,292	3,996,290	84,209
EXPENSES:				
Operating costs, net of reimbursements	(11,632)	0	359,112	0
Management and leasing fees	68,823	0	150,908	0
Depreciation	423,760	0	1,036,003	0
Administrative costs	21,076	10,846	91,016	10,864
Legal and accounting	22,187	318	78,637	318
Computer costs	2,119	0	8,182	0
	526,333	11,164	1,723,858	11,182
NET INCOME	$ 1,277,019	$ 62,128	$ 2,272,432	$ 73,027
BASIC AND DILUTED EARNINGS PER SHARE	$ 0.18	$ 0.06	$ 0.37	$ 0.06

See accompanying condensed notes to financial statements.

WELLS REAL ESTATE INVESTMENT TRUST, INC. AND SUBSIDIARIES

STATEMENTS OF SHAREHOLDERS' EQUITY

THE NINE MONTHS ENDED SEPTEMBER 30, 1999

AND FOR THE YEAR ENDED DECEMBER 31, 1998

	Shares	Amounts	Additional Paid-In Capital	Retained Earnings	Total Shareholders' Equity
BALANCE, December 31, 1997	100	$ 1	$ 999	$ 0	$ 1,000
Issuance of common stock	3,154,036	31,540	31,508,820	0	31,540,360
Net income	0	0	0	334,034	334,034
Dividends	0	0	(511,163)	0	(511,163)
Sales commissions	0	0	(2,996,334)	0	(2,996,334)
Other offering expenses	0	0	(946,210)	0	(946,210)
BALANCE, December 31, 1998	3,154,136	31,541	27,056,112	334,034	27,421,687
Issuance of common stock	7,692,794	76,928	76,851,016	0	76,927,944
Net income	0	0	0	2,272,432	2,272,432
Dividends	0	0	(3,396,594)	0	(3,396,594)
Sales commissions	0	0	(7,308,155)	0	(7,308,155)
Other offering expenses	0	0	(2,307,838)	0	(2,307,838)
BALANCE, September 30, 1999	10,846,930	$ 108,469	$ 90,894,541	$ 2,606,466	$ 93,609,476

See accompanying condensed notes to financial statements.

WELLS REAL ESTATE INVESTMENT TRUST, INC. AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS

	Nine Months Ended September 30, 1999	Four Months Ended September 30, 1998
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 2,272,432	$ 73,027
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	1,036,003	0
Equity in income of joint ventures	(783,065)	(75,314)
Changes in assets and liabilities:		
Accounts payable	326,166	0
Increase in prepaid expenses and other assets	(661,335)	(11,250)
Increase due to affiliates	82,901	33,544
Net cash provided by operating activities	2,273,102	20,007
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investments in real estate	(55,913,594)	0
Investments in joint ventures	(17,641,421)	(9,566,007)
Deferred project costs	(2,692,478)	(409,217)
Distributions received from joint ventures	826,822	15,307
Net cash used in investing activities	(75,420,671)	(9,959,917)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from note payable	25,598,666	0
Repayment of note	(22,732,539)	0
Dividends paid	(2,159,649)	0
Issuance of common stock	76,927,944	11,691,923
Sales commission paid	(7,308,155)	(1,011,133)
Offering costs paid	(2,307,838)	(350,758)
Net cash provided by financing activities	68,018,429	10,330,032
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(5,129,140)	390,122
CASH AND CASH EQUIVALENTS, beginning of year	7,979,403	201,000
CASH AND CASH EQUIVALENTS, end of period	$ 2,850,263	$ 591,122
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING ACTIVITIES:		
Deferred project costs applied to investing activities	$ 3,008,467	$ 398,634

See accompanying condensed notes to financial statements.

WELLS REAL ESTATE INVESTMENT TRUST, INC. AND SUBSIDIARIES

(A Georgia Public Limited Partnership)

CONDENSED NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 1999

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) General

Wells Real Estate Investment Trust, Inc. (the "Company") 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 behalf of the Company.

On January 30, 1998, the Company commenced a public offering of up to 16,500,000 shares of common stock ($10 per share) pursuant to a registration statement on Form S-11 filed 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. As of September 30, 1999, the Company had sold 10,846,930 shares for total capital contributions of $108,469,304. After payment of $3,796,391 in acquisition and advisory fees and acquisition expenses, payment of $13,558,538 in selling commissions and organization and offering expenses, and investment by Wells OP of $89,919,734 in property acquisitions, as of September 30, 1999, the Company was holding net offering proceeds of $1,194,641 available for investment in properties.

Wells OP owns interests 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, and (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-XII-REIT Joint Venture").

As of September 30, 1999, Wells OP owned interests in the following properties: (i) a three story office building in Knoxville, Tennessee (the "ABB 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 and office building in Fremont, California (the "Fairchild 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 under construction located in Lake Forest, California (the "Matsushita Project"), (xv) a four-story office building under construction in Richmond, Virginia (the "ABB Building"), and (xvi) a two-story office building and warehouse in Wood Dale, Illinois (the "Videojet Building"), all three of which are owned directly by Wells OP.

(b) Employees

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

(c) 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 or indirectly by the Company. In the opinion of management, the properties are adequately insured.

(d) 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.

(e) Basis of Presentation

Substantially all of the Company's business will be conducted through Wells OP. At December 31, 1997, 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 and possesses full legal control and authority over the operations of Wells OP; consequently, the accompanying consolidated balance sheets of the Company include the amounts of 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, 1998.

(f) Distribution Policy

The Company is required to 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 trust taxable income. The Company intends to make regular quarterly dividend distributions to holders of the shares. Distributions will be made to those shareholders who are shareholders as of the record dates selected by the directors. Distributions will be paid on a quarterly basis.

(g) Income Taxes

The Company has made an election under Section 856(c) of the Internal Revenue Code of 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.

(h) Statements of Cash Flows

For the purpose of the statements 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 owns interests in 14 office buildings and 2 office buildings under construction through its ownership in Wells OP which owns properties directly or through its interest in four joint ventures. The Company does not have control over the operations of these joint ventures; however, it does exercise significant influence. Accordingly, investments in joint ventures are recorded using the equity method.

The following describes additional information about the properties in which the Company owns interests as of September 30, 1999:

The Sprint Building

On July 2, 1999, the Fund XI-XII-REIT Joint Venture acquired a three-story office building with approximately 68,900 rentable square feet on a 7.12-acre tract of land located in Leawood, Johnson County, Kansas (the "Sprint Building") from Bridge Information Systems America, Inc.

The purchase price for the Sprint Building was $9,500,000. The Fund XI-XII-REIT Joint Venture also incurred additional acquisition expenses in connection with the purchase of the Sprint Building, including attorneys' fees, recording fees, and other closing costs, of approximately $46,210.

The entire 68,900 rentable square feet of the Sprint Building are currently under a net lease agreement with Sprint Communications, Inc. ("Sprint") dated February 14, 1997 (the "Lease"). The landlord's interest in the Lease was assigned to the Fund XI-XII-REIT Joint Venture at the closing.

The initial term of the Lease is ten years which commenced on May 19, 1997 and expires on May 18, 2007. Sprint has the right to extend the Lease for two additional five-year periods of time.

The monthly base rent payable under the Lease is $83,254.17 ($14.50 per square foot) through May 18, 2002 and $91,866.67 ($16 per square foot) for the remainder of the lease term. The monthly base rent payable for each extended term of the Lease will be equal to 95% of the then "current market rate" which is calculated as a full-service rental rate less anticipated annual operating expenses on a rentable square foot basis charged for space of comparable location, size, and conditions in comparable office buildings in the suburban south Kansas City, Missouri, and south Johnson County, Kansas, areas.

Under the Lease, Sprint is required to pay as additional rent all real estate taxes, special assessments, utilities, taxes, insurance, and other operating costs with respect to the Sprint Building during the term of the Lease. In addition, Sprint is responsible for all routine maintenance and repairs including the interior mechanical and electrical systems, the HVAC system, the parking lot, and the landscaping to the Sprint Building. The Fund XI-XII-REIT Joint Venture, as landlord, is responsible for repair and replacement of the exterior, roof, foundation, and structure.

The Lease contains a termination option which may be exercised by Sprint effective as of May 18, 2004 provided that Sprint has not exercised either expansion option, as described below. Sprint must provide notice to the Fund XI-XII-REIT Joint Venture of its intent to exercise its termination option on or before August 21, 2003. If Sprint exercises its termination option, it will be required to pay the Fund XI-XII-REIT Joint Venture a termination payment equal to $6.53 per square foot, or $450,199.

Sprint also has an expansion option for an additional 20,000 square feet of office space which may be exercised in two expansion phases. Sprint's expansion rights involve building on unfinished ground-level space that is currently used as covered parking within the existing building footprint and shell. At each exercise of an expansion option, the remaining lease term will be extended to be a minimum of an additional five years from the date of the completion of such expansion space.

For additional information regarding the Sprint Building, refer to the Form 8-K of Wells Real Estate Investment Trust, Inc. dated July 2, 1999, which was filed with the Commission on July 16, 1999 (Commission File No. 0-25739).

The Johnson Matthey Building

On August 17, 1999, the Fund XI-XII-REIT Joint Venture acquired a research and development office and warehouse building located in Chester County, Pennsylvania, from Alliance Commercial Properties Ltd.

Wells Capital, Inc., as original purchaser under the agreement, assigned its rights under the agreement to the Fund XI-XII-REIT Joint Venture at closing. The purchase price paid for the Johnson Matthey Building was $8,000,000. The Fund XI-XII-REIT Joint Venture also incurred additional acquisition expenses in connection with the purchase of the Johnson Matthey Building, including attorneys' fees, recording fees, and other closing costs, of approximately $50,000.

The Johnson Matthey Building is a 130,000 square-foot research and development office and warehouse building that was first constructed in 1973 as a multitenant facility. It was subsequently converted into a single-tenant facility in 1998. The site consists of a ten-acre tract of land located at 434-436 Devon Park Drive in the Tredyffrin Township, Chester County, Pennsylvania.

The entire 130,000 rentable square feet of the Johnson Matthey Building are currently leased to Johnson Matthey. The Johnson Matthey lease was assigned to the Fund XI-XII-REIT Joint Venture at the closing with the result that the joint venture is now the landlord under the lease. The annual base rent payable under the Johnson Matthey lease for the remainder of the lease term is as follows: year three-$789,750, year four-$809,250, year five-$828,750, year six-$854,750, year seven-$874,250, year eight-$897,000, year nine-$916,500, and year ten-$939,250.

The current lease term expires in June 2007. 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.

Johnson Matthey has a right of first refusal to purchase the Johnson Matthey Building in the event that the Fund XI-XII REIT Joint Venture desires to sell the

building to an unrelated third party. The joint venture must give Johnson Matthey written notice of its intent to sell the Johnson Matthey Building, and Johnson Matthey will have ten days from the date of such notice to provide written notice of its intent to purchase the building. If Johnson Matthey exercises its right of first refusal, it must purchase the Johnson Matthey Building on the same terms contained in the offer.

For additional information regarding the Johnson Matthey Building, refer to Supplement No. 10 dated October 10, 1999, to the Prospectus of Wells Real Estate Investment Trust, Inc. dated January 30, 1998, contained in Post-Effective Amendment No. 7 to Form S-11 Registration Statement of Wells Real Estate Investment Trust, Inc., which was filed with the Commission on October 14, 1999 (Commission File No. 333-32099).

The Videojet Building

On September 10, 1999, Wells OP acquired an office, assembly, and manufacturing building containing approximately 250,354 rentable square feet on a 15.3-acre tract of land located in Wood Dale, DuPage County, Illinois. Wells OP acquired the Videojet Building from Sun-Pla, a California limited partnership, pursuant to the agreement of purchase and sale (the "Contract"). The rights under the Contract were assigned by Wells Capital, Inc., the original purchaser under the Contract, to Wells OP at closing. The purchase price for the Videojet Building was $32,630,940. In addition, Wells OP paid brokerage commissions of $500,000 at closing. Wells OP incurred acquisition expenses in connection with the purchase of the Videojet Building, including attorneys' fees, appraisers' fees, environmental consultants' fees, and other closing costs, of approximately $27,925.

The Videojet Building is a two-story corporate headquarters facility with 128,247 square feet of office space and 122,107 square feet of assembly and distribution space. The Videojet Building was completed in 1991 and is located at 1500 Mittel Boulevard in the Chancellory Business Park in Wood Dale, Illinois. The site is a 15.3-acre tract of land that is adjacent to the western entrance to O'Hare International Airport.

The entire 250,354 rentable square feet of the Videojet Building are currently under a net lease agreement with Videojet dated May 31, 1991 (the "Videojet Lease"). The landlord's interest in the Videojet Lease was assigned to Wells OP at the closing. The initial term of the Videojet Lease is 20 years which commenced in November 1991 and expires in November 2011. Videojet has the right to extend the Videojet Lease for one additional five-year period of time. The extension option must be exercised by giving notice to the landlord at least 365 days prior to the expiration date of the current lease term.

The base rent payable for the remainder of the Videojet Lease term is as follows:

Lease Year	Yearly Base Rent	Monthly Base Rent
2000-2001	$2,838,952	$236,579.33
2002-2011	3,376,746	281,395.50
Extension Term	4,667,439	388,953.25

Under its lease, Videojet is responsible for repairs and maintenance of the roof, walls, structure and foundation landscaping, and the heating, ventilating, air conditioning, mechanical, electrical, plumbing, and other systems, and all other operating costs, including, but not limited to, real estate taxes, special assessments, utilities, and insurance.

For additional information regarding the Videojet Building, refer to the Form 8-K of Wells Real Estate Investment Trust, Inc. dated September 10, 1999, which was filed with the Commission on September 24, 1999 (Commission File No. 0-25739).

The Gartner Building

On September 20, 1999, the Fund XI-XII-REIT Joint Venture acquired a two-story office building with approximately 62,400 rentable square feet on a 4.9-acre tract of land located at 12600 Gateway Boulevard in Fort Myers, Lee County, Florida, from Hogan Triad Ft. Myers I, Ltd., a Florida limited partnership.

The rights under the contract were assigned by Wells Capital, Inc, the original purchaser under the contract, to the Fund XI-XII-REIT Joint Venture at closing. The purchase price for the Gartner Building was $8,320,000. The Fund XI-XII-REIT Joint Venture also incurred additional acquisition expenses in connection with the purchase of the Gartner Building, including attorneys' fees, recording fees, and other closing costs, of approximately $27,600.

The entire 62,400 rentable square feet of the Gartner Building are currently under a net lease agreement with Gartner dated July 30, 1997 (the "Gartner Lease"). The landlord's interest in the Gartner Lease was assigned to the Fund XI-XII-REIT Joint Venture at the closing.

The initial term of the Gartner Lease is ten years which commenced on February 1, 1998 and expires on January 31, 2008. Gartner has the right to extend the Gartner Lease for two additional five-year periods of time. The yearly base rent payable for the remainder of the Gartner Lease term is $642,798 through January 2000, $790,642 through January 2001, and thereafter will increase by 2.5% through the remainder of the Gartner Lease.

Under the Gartner Lease, Gartner is required to pay as additional rent all real estate taxes, special assessments, utilities, taxes, insurance, and other operating costs with respect to the Gartner Building during the term of the Gartner Lease. In addition, Gartner is responsible for all routine maintenance and repairs to the Gartner Building. The Fund XI-XII-REIT Joint Venture, as landlord, is responsible for repairs and replacement of the roof, structures, and paved parking areas.

Gartner also has two expansion options for additional buildings under the Gartner Lease. The two option plans are described in the Gartner Lease as the "Small Option Building" and the "Large Option Building."

The "Small Option Building" expansion option allows Gartner the ability to expand into a separate, free-standing facility on the property containing between 30,000 and 32,000 rentable square feet to be constructed by the Fund XI-XII-REIT Joint

Venture. Gartner may exercise its expansion right for the "Small Option Building" by providing notice in writing to the Fund XI-XII-REIT Joint Venture on or before February 15, 2002.

The "Large Option Building" expansion option allows Gartner the ability to expand into a separate, free-standing facility on the property containing between 60,000 and 75,000 rentable square feet to be constructed by the Fund XI-XII-REIT Joint Venture. Gartner may exercise its expansion right for the "Small Option Building" by providing notice in writing to the Fund XI-XII-REIT Joint Venture on or before February 15, 2002.

For additional information regarding the Gartner Building, refer to the Form 8-K of Wells Real Estate Investment Trust, Inc. dated September 20, 1999, which was filed with the Commission on October 5, 1999 (Commission File No. 0-25739).

3. 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 September 30, 1999 amounted to $3,796,391 and represented approximately 3 1/2% of shareholders' capital contributions received. These fees are allocated to specific properties as they are purchased.

4. 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. As of September 30, 1999, the Company had reimbursed the Advisor for $3,254,048 in offering expenses, which amounted to approximately 3% of shareholders' capital contributions.

5. DUE TO AFFILIATES

Due to Affiliates consists of acquisition and advisory fees, deferred offering costs, and other operating expenses paid by the Advisor on behalf of the Company.

6. NOTES PAYABLE

Wells OP obtained a loan in the amount of $6,450,000 from Bank of America, N.A. (the "Bank of America"), formerly known as NationsBank, N.A., on February 4, 1999 with an outstanding balance of $203,504 at September 30, 1999. The Bank of America loan matures on January 4, 2002. The interest rate on the Bank of America loan is a fixed rate equal to the rate appearing on Telerate Page 3750 as the London InterBank Offered Rate plus 200 basis points over a six-month period. The interest rate is fixed for the initial six months of the loan at 7% per annum. Wells OP is required to make quarterly installments of

principal in an amount to one-ninth of the outstanding principal balance as of October 1, 1999. The Bank of America loan is secured by a first mortgage against the AT&T Building.

Wells OP also obtained a revolving credit facility loan in the amount of $15,500,000 on December 31, 1998 from SouthTrust Bank with an outstanding balance of $11,500,000 at September 30, 1999. The SouthTrust Loan matures on December 31, 2000. The interest rate on the SouthTrust Loan is a variable rate per annum equal to the London InterBank Offered Rate for a 30-day period, plus 185 basis points. The SouthTrust Loan is secured by a first mortgage against the PWC Building.

Wells OP obtained a construction loan dated May 10, 1999 from Bank of America, N.A., formerly known as NationsBank, N.A., with a maximum principal amount of $15,375,000, the proceeds of the loan are being used to fund the development and construction of the Matsushita Project (the "Matsushita Loan"). At September 30, 1999, the balance on the Matsushita Loan was $5,222,553. The Matsushita Loan will mature 24 months from the date of the loan closing. The interest rate on the Matsushita Loan will be a variable rate equal to either (1) the Bank of America "prime rate" or (2) at the option of Wells OP, the rate per annum appearing on Telerate Page 3750 as the London InterBank Offered Rate for a 30-day period, plus 200 basis points. Wells OP will make monthly installments of interest, and commencing one year after the date of the loan closing, Wells OP will make monthly installments of principal in the amount of $10,703 until maturity. On the maturity date, the entire outstanding principal balance plus any accrued but unpaid interest shall be due and payable. At the closing, Wells OP paid a nonrefundable origination fee of $76,900 to Bank of America. The Matsushita Loan was secured by a first priority mortgage against the Matsushita Project. Leo F. Wells, III (an officer and director of the Company and the Advisor) and the Company will be coguarantors of the Matsushita Loan.

7. COMMITMENTS AND CONTINGENT LIABILITIES

On March 15, 1999, Wells OP purchased an 8.8 tract of land in Lake Forest, Orange County, California, for a purchase price of $4,450,230. On February 18, 1999, Wells OP entered into an office lease with Matsushita Avionics Systems Corporation ("Matsushita Avionics") for the occupancy of a to be constructed two-story office building containing approximately 150,000 rentable square feet on this tract (the "Matsushita Project"). Matsushita Avionics currently occupies an existing building owned by Fund VIII and IX Joint Venture, a joint venture between Wells Real Estate Fund VIII, L.P. and Wells Real Estate Fund IX, L.P.--related parties to Wells OP.

On February 18, 1999, Wells OP entered into a rental income guaranty agreement with Fund VIII and IX Joint Venture, whereby Wells OP guaranteed the Fund VIII-Fund IX Joint Venture that the joint venture would receive rental income on the existing building at least equal to the rent and building expenses that the Fund VIII-Fund IX Joint Venture would have received over the remaining term of the existing lease. Matsushita Avionics will vacate the existing building in December 1999, with the existing lease term ending in September 2003. Current rental and building expenses are approximately $90,000 per month.

The Company's maximum liability to Fund VIII-Fund XI Joint Venture for rental income and building expenses for the existing building was included in the economic analysis for developing the Matsushita Project. The Company anticipates that the ultimate liability will

be less than the maximum liability; however, management cannot determine at this time the ultimate liability under the rental income guaranty agreement. Any payment made to the Fund VIII-Fund IX Joint Venture for rental income and building expenses will be made from the Wells REIT operating cash flow and will reduce cash available for dividends.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS 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 the shareholders 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, financing risks, 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

Cash and cash equivalents at September 30, 1999 and 1998 were $2,850,263 and $591,122, respectively. The increase in cash and cash equivalents resulted primarily from raising additional capital and represents funds held which are awaiting investment in real property acquisitions.

As of September 30, 1999, the Company had acquired interests in 16 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 third quarter of 1999 totaled $0.175 per share, which were declared on a daily record date basis in the amount of $0.1902 per share payable to the shareholders of record at the close of business of each day during the third quarter of 1999, commencing on July 1, 1999, and continuing on each day thereafter through and including September 30, 1999.

Upon completion of the initial public offering of the Company's common stock, which will occur on or before January 30, 2000, the Company anticipates offering an additional 20,000,000 shares to the public on a best efforts basis at $10 per share, plus 2,200,000 shares to be issued pursuant to the Company's dividend reinvestment plan at $10 per share. The Company filed a registration statement for this offering with the Securities and Exchange Commission on July 28, 1999 (Commission File No. 333-83933).

On February 18, 1999, Wells OP entered into a rental income guaranty agreement with Fund VIII and IX Joint Venture, whereby Wells OP guaranteed the Fund VIII-Fund IX Joint Venture that the joint venture would receive rental income on the existing building at least equal to the rent and building expenses that the Fund VIII-Fund IX Joint Venture would have received over the remaining term of the existing lease. Matsushita Avionics will vacate the existing building in December 1999, with the existing lease term ending in

September 2003. Current rental and building expenses are approximately $90,000 per month.

The Company's maximum liability to Fund VIII-Fund XI Joint Venture for rental income and building expenses for the existing Matsushita Avionics building (Note 7) was included in the economic analysis for developing the Matsushita Project. The Company anticipates that the ultimate liability will be less than the maximum liability; however, management cannot determine at this time the ultimate liability under the rental income guaranty agreement. Any payment made to the Fund VIII-Fund IX Joint Venture for rental income and building expenses will be made from the Wells REIT operating cash flow and will reduce cash available for dividends.

Cash Flows From Operating Activities

Net cash provided by operating activities was $2,273,102 for the nine months ended September 30, 1999 and $20,007 for the four-month period ended September 30, 1998. The increase in net cash provided by operating activities was due primarily to the purchase of additional properties in 1999 and a full nine months of operations of the properties acquired during 1998.

Cash Flows From Investing Activities

The increase in net cash used in investing activities from $9,959,917 for the four months ended September 30, 1998 to $75,420,671 for the nine months ended September 30, 1999 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 $10,330,032 for the four months ended September 30, 1998 to $68,018,429 for the nine months ended September 30, 1999 was due primarily to the raising of additional capital. The Company raised $76,927,944 in offering proceeds for the nine months ended September 30, 1999 as compared to $11,691,923 for the four months ended September 30, 1998. In addition, the Company received loan proceeds from financing placed on properties of $25,598,666 and repaid notes payable in the amount of $22,732,539.

Results of Operations

As of September 30, 1999, the properties owned by the Company were 99.99% occupied. Gross revenues for the four months ended September 30, 1998 and for the nine months ended September 30, 1999 were $84,209 and $3,996,290, respectively. This increase was due to the purchase of interests in additional properties during 1999 and 1998 and a full nine months of operations of the properties acquired during 1998. The purchase of interests in additional properties also resulted in an increase in rental income, operating expenses, and depreciation expense.

Year 2000

The Company is presently reviewing the potential impact of Year 2000 compliance issues on its information systems and business operations. A full assessment of Year 2000

compliance issues was begun in late 1997 and was completed during the first half of 1999. Renovations and replacements of equipment have been and are being made as warranted as the assessment progresses. The costs incurred by the Company and its affiliates thus far for renovations and replacements have been immaterial. As of September 30, 1999, all testing of systems has been completed.

As to the status of the Company's information technology systems, it is presently believed that all major systems and software packages are Year 2000 compliant. At the present time, it is believed that all major noninformation technology systems are Year 2000 compliant. The cost to upgrade any noncompliant systems is believed to be immaterial.

The Company has confirmed with the Company's vendors, including third-party service providers such as banks, that their systems are Year 2000 compliant.

The Company relies on computers and operating systems provided by equipment manufacturers and also on application software designed for use with its accounting, property management, and investment portfolio tracking. The Company has preliminarily determined that any costs, problems, or uncertainties associated with the potential consequences of Year 2000 issues are not expected to have a material impact on the future operations or financial conditions of the Company. The Company will perform due diligence as to the Year 2000 readiness of each property owned by the Company and each property contemplated for purchase by the Company.

The Company's reliance on embedded computer systems (i.e., microcontrollers) is limited to facilities-related matters, such as office security systems and environmental control systems.

The Company is currently formulating contingency plans to cover any areas of concern. Alternate means of operating the business are being developed in the unlikely circumstance that the computer and telephone systems are rendered inoperable. An off-site facility from which the Company could operate is being sought as well as alternate means of communication with key third-party vendors. A written plan is being developed for testing and dispensed to each staff member of the Advisor of the Company.

Management believes that the Company's risk of Year 2000 problems is minimal. In the unlikely event there is a problem, the worst-case scenarios would include the risks that the elevators or security systems within the Company's properties would fail or the key third-party vendors upon which the Company relies would be unable to provide accurate investor information. In the event that the elevators shut down, the Company has devised a plan for each building whereby the tenants will use the stairs until the elevators are fixed. In the event that the security systems shut down, the Company has devised a plan for each building to hire temporary on-site security guards. In the event that a third-party vendor has Year 2000 problems relating to investor information, the Company intends to perform a full system back-up of all investor information as of December 31, 1999 so that the Company will have accurate hard-copy investor information.

2. PROPERTY OPERATIONS

As of September 30, 1999, the Company owned interests in the following operational properties:

The ABB Building/ Fund IX-X-XI-REIT Joint Venture	Three Months Ended September 30, 1999	Three Months Ended September 30, 1998	Nine Months Ended September 30, 1999	Nine Months Ended September 30, 1998
Revenues:				
Rental income	$261,986	$208,370	$784,065	$590,342
Interest income	15,024	6,000	46,765	6,000
	277,010	214,370	830,830	596,342
Expenses:				
Depreciation	135,499	120,433	403,699	305,211
Management and leasing expenses	32,260	25,577	93,666	75,765
Other operating expenses	(17,097)	3,050	(13,390)	49,717
	150,662	149,060	483,975	430,693
Net income	$126,348	$ 65,310	$346,855	$165,649
Occupied %	98%	95%	98%	95%
Company's ownership % in the Fund IX-X-IX-REIT Joint Venture	3.7%	3.8%	3.7%	3.8%
Cash distribution to the Company	$ 9,855	$ 7,185	$ 28,263	$ 9,796
Net income allocated to the Company	$ 4,721	$ 2,513	$ 13,043	$ 3,716

Rental income increased in 1999 over 1998 due primarily to the increased occupancy level of the property. Other operating expenses were negative for the nine-month period ended September 30, 1999 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 current year common-area maintenance which is then reconciled during the following year and the difference billed to the tenants. Total expenses increased for the nine-month period ended September 30, 1999 over the same period for 1998 due to increased depreciation and management and leasing fees as the building was leased up.

Cash distributions and net income allocated to the Company for the quarter and nine-month period increased significantly in 1999 over 1998 amounts. The Company's ownership in the Fund IX-X-XI-REIT Joint Venture decreased in 1999, as compared to 1998, due to additional fundings by Wells Real Estate Fund X, L.P. and Wells Real Estate Fund XI, L.P. to the joint venture in 1999.

One major tenant, the Associates, vacated its leased space in September 1999. A new lease was executed with Center Partners Inc., a division of WPP Group, U.S.A. for 23,992 rentable square feet. The initial term of the lease will be five years commencing January 1, 2000 and will expire on December 31, 2004. Center Partners Inc. has the option to extend the initial term of the lease for two consecutive five-year periods. The annual base rent payable during the initial term is $299,900 for the first year, $307,337.52 for the second year, $315,014.96 for the third year, $322,932.32 for the fourth year, and $331,089.60 for the fifth year.

It is currently anticipated that the total cost to complete the tenant improvements and pay for a leasing commission is estimated to be approximately $257,490 and will be contributed by the Wells Real Estate Fund IX, L.P. and Wells Real Estate Fund X, L.P.

Ohmeda Building/ Fund IX-X-XI-REIT Joint Venture	Three Months Ended September 30, 1999	Three Months Ended September 30, 1998	Nine Months Ended September 30, 1999	Eight Months Ended September 30, 1998
Revenues:				
Rental income	$ 256,829	$254,940	$770,486	$643,963
Expenses:				
Depreciation	81,576	81,576	244,728	217,536
Management and leasing expenses	11,618	11,618	35,293	29,546
Other operating expenses	3,899	1,171	(188)	1,082
	97,093	94,365	279,833	248,164
Net income	$ 159,736	$160,575	$490,653	$395,799
Occupied %	100%	100%	100%	100%
Company's ownership % in the IX-X-XI-REIT Joint Venture	3.7%	3.8%	3.7%	3.8%
Cash distribution to the Company	$ 8,804	$ 9,170	$ 26,992	$ 12,726
Net income allocated to the Company	$ 5,969	$ 6,178	$ 18,438	$ 8,576

Rental income remained relatively stable for the three months ended September 30, 1999 as compared to the same period in 1998. The nine month period ended September 30, 1999 cannot be compared to 1998 since the 1998 figures reflect only eight months of activities. Other operating expenses were negative for the nine-month period ended September 30, 1999 due to an offset of tenant reimbursements in operating costs, as well as management and leasing fee reimbursements. Cash distributions and net income allocated to the Company increased for the nine-month period ended September 30, 1999, as compared to the same period in 1998.

The 360 Interlocken Building/ Fund IX-X-XI-REIT Joint Venture	Three Months Ended September 30, 1999	Three Months Ended September 30, 1998	Nine Months Ended September 30, 1999	Seven Months Ended September 30, 1998
Revenues:				
Rental income	$ 207,791	$ 215,289	$ 622,070	$ 453,864
Expenses:				
Depreciation	71,670	71,793	215,010	166,432
Management and leasing expenses	18,899	18,086	54,518	37,323
Other operating expenses, net of reimbursements	(5,291)	(7,850)	5,342	(56,128)
	85,278	82,029	274,870	147,627
Net income	$ 122,513	$ 133,260	$ 347,200	$ 306,237

Occupied %	100%	100%	100%	100%
Company's ownership % in the Fund IX-X-XI-REIT Joint Venture	3.7%	3.8%	3.7%	3.8%
Cash distribution to the Company	$ 7,200	$ 7,547	$ 20,952	$ 11,004
Net income allocated to the Company	$ 4,578	$ 5,127	$ 13,041	$ 7,912

On March 20, 1998, the Fund IX-X-XI-REIT Joint Venture acquired a three-story multitenant office building containing approximately 51,974 rentable square feet on a 5.1-acre tract in Broomfield, Boulder County, Colorado, for a purchase price of $8,275,000, excluding acquisition costs.

The 360 Interlocken Building was completed in December 1996. The first floor has multiple tenants and contains 15,599 rentable square feet, the second floor is leased to ODS Technologies, L.P. and contains 17,146 rentable square feet, and the third floor is leased to Transecon, Inc. and contains 19,229 rentable square feet.

Rental income remained relatively stable for the three-month period ended September 30, 1999 as compared to the same period for 1998. The nine-month period ended September 30, 1999 cannot be compared to 1998 since the 1998 figures reflect only seven months of activities.

Cash distributions and net income allocated to the Company for the nine months ended September 30, 1999 increased as compared to the same period in 1998. Operating expenses increased significantly for the nine-month period ended September 30, 1999, as compared to the same period for 1998, largely attributed to the increase in property taxes, utilities, and security. Other operating expenses are negative for prior periods due to an offset of tenant reimbursements in operating costs, as well as management and leasing fee reimbursements. The Company's ownership interest in the Fund IX-X-XI-REIT Joint Venture decreased in 1999, as compared to 1998, due to additional funding by Wells Real Estate Fund X, L.P. and Wells Real Estate Fund XI, L.P. to the joint venture in 1999.

	Three Months Ended		Nine Months Ended	Four Months Ended
The Lucent Technologies Building/ Fund IX-X-XI-REIT Joint Venture	September 30, 1999	September 30, 1998	September 30, 1999	September 30, 1998
Revenues:				
Rental income	$ 145,752	$ 133,600	$ 437,256	$ 143,485
Expenses:				
Depreciation	45,801	51,514	137,403	55,896
Management and leasing expenses	5,370	5,084	16,109	5,084
Other operating expenses	1,766	7,584	13,964	7,584
	52,937	64,182	167,476	68,564
Net income	$ 92,815	$ 69,418	$ 269,780	$ 74,921
Occupied %	100%	100%	100%	100%
Company's ownership % in the Fund IX-X-XI-REIT Joint Venture	3.7%	3.8%	3.7%	3.8%
Cash distribution to the Company	$ 4,750	$ 4,406	$ 14,006	$ 10,090
Net income allocated to the Company	$ 3,468	$ 2,670	$ 10,140	$ 2,916

On June 24, 1998, the Fund IX-X-XI-REIT Joint Venture acquired a one-story office building containing approximately 57,186 rentable square feet on a 5.3-acre tract of land in Oklahoma City, Oklahoma, for a purchase price of $5,504,276, excluding acquisition costs.

The Lucent Technologies Building was completed in January 1998 with Lucent Technologies occupying the entire building. Under the terms of the lease, the tenant is responsible for all utilities, property taxes, and other operating expenses.

Since the Lucent Technologies Building was purchased by the Fund IX-X-XI-REIT Joint Venture in June 1998, comparable income and expense figures for the prior year's period ended September 30, 1998 covered only four months. Accordingly, the prior year cannot be compared to the nine months ended September 30, 1999. Rental income increased slightly for the three months ended September 30, 1999 as compared to the same period in 1998. Total expenses decreased for the three-month period ended September 30, 1999 as compared to the same period for 1998, due largely to the decrease in other operating expenses.

Cash distributions and net income allocated to the Company for the three-month period remained relatively stable for the three-month period ended September 30, 1999 and 1998.

The Company's ownership interest in the Fund IX-X-XI-REIT Joint Venture decreased in 1999, as compared to 1998, due to additional funding by Wells Real Estate Fund X, L.P. and Wells Real Estate Fund XI, L.P. to the joint venture.

The 360 Iomega Building/ Fund IX-X-XI-REIT Joint Venture	Three Months Ended September 30, 1999	Three Months Ended September 30, 1998	Nine Months Ended September 30, 1999	Six Months Ended September 30, 1998
Revenues:				
Rental income	$ 150,009	$ 126,666	$ 397,755	$ 246,666
Expenses:				
Depreciation	48,495	48,594	145,485	97,578
Management and leasing expenses	8,291	5,596	17,629	11,199
Other operating expenses	1,290	3,526	3,815	5,731
	58,076	57,716	166,929	114,508
Net income	$ 91,933	$ 68,950	$ 230,826	$ 132,158
Occupied %	100%	100%	100%	100%
Company's ownership % in the Fund IX-X-XI-REIT Joint Venture	3.7%	3.8%	3.7%	3.8%
Cash distribution to the Company	$ 5,103	$ 4,265	$ 13,702	$ 4,265
Net income allocated to the Company	$ 3,435	$ 2,652	$ 8,672	$ 2,652

On April 1, 1998, Wells Real Estate Fund X, L.P. acquired a single-story warehouse and office building containing approximately 108,250 rentable square feet on an 8.03-acre tract of land in Ogden, Weber County, Utah, for a purchase price of $5,025,000.

On July 1, 1998, Wells Real Estate Fund X, L.P. contributed the Iomega Building to the Fund IX-X-XI-REIT Joint Venture. The Company acquired an interest in the Iomega Building and began participating in income and distribution from this property as of July 1, 1998. The entire Iomega Building is under a net lease with Iomega Corporation until July 31, 2006.

Since the Iomega Building was purchased in April 1998, comparable income and expense figures for the prior year period ended September 30, 1998 covered only six months.

On March 22, 1999, the Fund IX-X-XI-REIT Joint Venture purchased a four-acre tract of vacant land adjacent to the Iomega Building located in Ogden, Utah. This site is being used for additional parking and a loading-dock area, which includes at least 400 new parking stalls and new site work for truck maneuver space, in accordance with the requirements of the tenants and the city of Ogden. The project was completed on July 31, 1999. The tenant, Iomega Corporation, has agreed to extend the term of its lease to April 30, 2009 and will pay an additional base rent, an amount equal to 13% per annum payable in monthly installments of the direct and indirect cost of acquiring the property and construction of improvements. This additional base rent commenced on May 1, 1999.

The land was purchased at a cost of $212,000, excluding acquisition costs. The funds used to acquire the land and for the improvements are being funded entirely out of capital contributions made by Wells Real Estate Fund XI, L.P. to the Fund IX-X-XI-REIT Joint Venture in the amount of $874,625. The project was completed at a total cost of $874,625.

Cort Building/ Wells/Cort Joint Venture	Three Months Ended September 30, 1999	Two Months Ended September 30, 1998	Nine Months Ended September 30, 1999
Revenues:			
Rental income	$198,885	$133,857	$596,656
Expenses:			
Depreciation	46,641	45,288	139,923
Management and leasing expenses	7,590	5,144	22,770
Other operating expenses	5,993	29,700	19,446
	60,224	80,132	182,139
Net income	$138,661	$ 53,725	$414,517
Occupied %	100%	100%	100%
Company's ownership %	43.7%	43.7%	43.7%
Cash distribution to the Company	$ 76,926	$ 47,312	$230,137
Net income allocated to the Company	$ 60,550	$ 31,853	$181,008

On July 31, 1998, the Cort Joint Venture acquired a one-story office and warehouse building containing approximately 52,000 rentable square feet on a 3.65-acre tract of land in Fountain Valley, California, for a purchase price of $6,400,000, excluding acquisition costs.

The Cort Building is 100% occupied by one tenant with a 15-year lease term that commenced on November 1, 1988 and expires on October 31, 2003. The monthly base rent payable under the lease is $63,247 through April 30, 2001, at which time the monthly base rent will be increased 10% to $69,574 for the remainder of the lease term. The lease is a triple net lease, whereby the terms of the lease require the tenant to reimburse the Cort Joint Venture certain operating expenses, as defined in the lease, related to the building.

Since the Cort Building was purchased on July 31 1998, comparable income and expense figures for the prior year cover only the two-month period ended September 30, 1998. Other operating expenses at September 30, 1998 include interest expense incurred prior to the inclusion of the Fund X-XI Joint Venture into the Cort Joint Venture on September 1, 1998.

Fairchild Building/ Wells/Fremont Joint Venture	Three Months Ended September 30, 1999	Two Months Ended September 30, 1998	Nine Months Ended September 30, 1999
Revenues:			
Rental income	$225,210	$175,381	$675,631
Expenses:			
Depreciation	71,382	70,324	214,146
Management and leasing expenses	9,303	7,315	27,970
Other operating expenses	6,457	71,011	13,772
	87,142	148,650	255,888
Net income	$138,068	$ 26,731	$419,743
Occupied %	100%	100%	100%

Company's ownership %	77.5%	73.1%	77.5%
Cash distribution to the Company	$151,627	$ 83,001	$459,174
Net income allocated to the Company	$107,009	$ 17,694	$325,318

On July 21, 1998, the Fremont Joint Venture acquired a two-story warehouse and office building containing approximately 58,424 rentable square feet on a 3.05-acre tract of land in Fremont, California, for a purchase price of $8,900,000, excluding acquisition costs.

The building is 100% occupied by Fairchild Technologies, U.S.A., Inc. with a lease expiration of November 30, 2004. The monthly base rent payable under the lease is $68,128 with a 3% increase on each anniversary of the commencement date. The lease is a triple net lease, whereby the terms require the tenant to reimburse the landlord for certain operating expenses, as defined in the lease, related to the building.

Since the Fairchild Building was purchased in July 1998, comparable income and expense figures for the prior year covered only two months. Other operating expenses at September 30, 1998 includes interest expense incurred prior to the inclusion of the Fund X-XI Joint Venture into the Fremont Joint Venture on October 6, 1998.

PWC Building	Three Months Ended September 30, 1999	Nine Months Ended September 30, 1999
Revenues:		
Rental income	$552,297	$1,656,637
Expenses:		
Depreciation	205,236	616,257
Management and leasing expenses	37,612	111,147
Other operating expenses	(77,618)	103,599
	165,230	831,003
Net income	$387,067	$ 825,634
Occupied %	100%	100%
Company's ownership %	100%	100%
Cash distribution to the Company	$526,399	$1,244,179
Net income allocated to the Company	$387,067	$ 825,634

On December 31, 1998, Wells OP acquired a four-story office building containing approximately 130,090 rentable square feet on a nine-acre tract of land in Tampa, Florida, for a purchase price of $21,127,854, excluding acquisition costs.

The PWC Building is 100% occupied by PricewaterhouseCoopers ("PWC") with a lease expiration of December 2008. The annual base rent payable under the PWC lease is $1,915,741.13 during the first year of the initial lease term. The base rent escalates at the rate of 3% per year throughout the ten-year lease term. In addition, PWC is required to pay all property taxes, operating expenses, and other repairs and maintenance work related to the PWC Building. PWC is also required to reimburse the landlord the cost of any casualty occurring at the property.

Since the PWC Building was purchased in December of 1998, comparable income and expense figures for the prior year are not available.

Other operating expenses for the three months ended September 30, 1999 are negative due to a nine-month adjustment billing to the tenant related to an increased property tax assessment for 1999.

AT&T Building (Formerly Vanguard Cellular)	Three Months Ended September 30, 1999	Eight Months Ended September 30, 1999
Revenues:		
Rental income	$ 455,471	$ 930,145
Expenses:		
Depreciation	120,750	321,972
Management and leasing expenses	20,532	29,082
Other operating expenses	30,832	218,977
	172,114	570,031
Net income	$ 283,357	$ 360,114
Occupied %	100%	100%
Company's ownership %	100%	100%
Cash distribution to the Company	$ 300,004	$ 579,189
Net income allocated to the Company	$ 283,357	$ 360,114

On February 4, 1999, 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, for a purchase price of $12,291,200, excluding acquisition costs.

The building is 100% occupied by Pennsylvania Cellular Telephone Corporation, with a lease expiration of November 2008. The first annual base rent payable under the lease is $880,264. The second year annual base rent payable will be $1,390,833. The base rent escalates at the rate of 2% per year throughout the remainder of the ten-year lease term.

Since the AT&T Building was purchased in February of 1999, comparable income and expense figures for the prior year are not available.

On April 27, 1999, Vanguard Cellular Systems, Inc. announced that its shareholders approved the merger of Vanguard Cellular into a wholly owned subsidiary of AT&T Corporation ("AT&T") at a special meeting of shareholders. The transaction was closed in May 1999.

EYBL CarTex Building/ Fund XI-XII-REIT Joint Venture	Three Months Ended September 30, 1999	Five Months Ended September 30, 1999
Revenues:		
Rental income	$ 140,047	$ 210,173
Expenses:		
Depreciation	49,902	83,170
Management and leasing expenses	3,814	14,663
Operating costs, net of reimbursements	5,165	5,165
	58,881	102,998
Net income	$ 81,166	$ 107,175
Occupied %	100%	100%
Company's ownership %	56.8%	56.8%
Cash distribution to the Company	$ 68,084	$ 103,599
Net income allocated to the Company	$ 46,791	$ 65,039

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

The building is 100% occupied by EYBL CarTex, Inc. with a lease expiration of February 2008. The monthly base rent payable under the lease is $42,377.50 with an increase to $45,905.95 in the fifth year, $49,440.42 in the seventh year, and $50,853.00 in the ninth year. The lease is a triple net lease, whereby the terms of the lease require the tenant to reimburse the landlord for certain operating expenses, as defined in the lease, related to the building.

Since the EYBL CarTex Building was purchased in May 1999, comparable income and expense figures for the year are not available.

The Sprint Building/ Fund XI-XII-REIT Joint Venture	Three Months Ended September 30, 1999
Revenues:	
Rental income	$ 264,654
Expenses:	81,776
Depreciation	7,493
Management and leasing expenses	1,283
Operating costs, net of reimbursements	90,552
Net income	$ 174,102
Occupied %	100%
Company's ownership %	56.8%
Cash distribution to the Company	$ 137,150
Net income allocated to the Company	$ 100,192

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, for a purchase price of $9,546,210.

The entire Sprint Building is currently under a net lease with Sprint and expires on May 18, 2007. Sprint has the option under its lease to extend the initial term for two consecutive five-year periods.

The annual base rent payable during the first five years of the initial term is $999,050 in equal monthly installments of $83,254. The annual base rent during the last five years of the lease is $1,102,400 in equal monthly installments of $91,867. Under the Lease, Sprint is responsible for all routine maintenance and repairs. The Fund XI-XII-REIT Joint Venture, as landlord, is responsible for repairs and replacement of the exterior, roof, foundation, and structure.

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

Johnson Matthey Building/ Fund XI-XII-REIT Joint Venture	Two Months Ended September 30, 1999
Revenues:	
Rental income	$ 123,566

Expenses:	
Depreciation	42,567
Operating costs, net of reimbursements	470
	43,037
Net income	$ 80,529
Occupied %	100%
Company's ownership %	56.8%
Cash distribution to the Company	$ 66,517
Net income allocated to the Company	$ 44,409

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 the Tredyffrin Township, Chester County, Pennsylvania, 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.

The monthly base rent payable under the Johnson Matthey lease for the remainder of the lease term is $65,812.50 through June 30, 2000, $67,437.50 through June 30, 2001, $69,062.50 through June 30, 2002, $71,229.17 through June 30, 2003; $72,854.17 through June 30, 2004, $74,750.00 through June 30, 2005, $76,375.00 through June 30, 2006, and $78,270.84 through June 30, 2007.

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. 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 foundation and the structural steel columns and girders associated with the building.

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

The Gartner Building/ Fund XI-XII-REIT Joint Venture	One Month Ended September 30, 1999
Revenues:	
Rental income	$ 32,502
Expenses:	
Depreciation	25,874
Net income	$ 6,628
Occupied %	100%
Company's ownership %	56.8%
Cash distribution to the Company	$ 10,374
Net income allocated to the Company	$ 3,763

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 in the Ft. Myers, Florida, for a purchase price of $8,320,000, excluding acquisition costs.

The entire 62,400 rentable square feet of the Gartner Building are currently under a net lease agreement with Gartner and were assigned to the Fund XI-XII-REIT Joint Venture at closing. The Gartner Lease currently expires on January 31, 2008. Gartner has the right to extend the Gartner Lease for two additional five-year periods of time.

The monthly base rent payable under the Gartner Lease for the remainder of the lease term is $53,566.50 through January 31, 2000, $65,886.83 through January 31, 2001, $67,534.00 through January 31, 2002, $69,222.35 through January 31, 2003, $70,952.89 through January 31, 2004, $72,726.74 through January 31, 2005, $74,544.92 through January 31, 2006, $76,408.54 through January 31, 2007, and $78,318.71 through January 31, 2008.

Under the Gartner Lease, Gartner is required to pay as additional rent all real estate taxes, special assessments, utilities, taxes, insurance, and other operating costs with respect to the Gartner Building during the term of the Gartner Lease. In addition, Gartner is responsible for all routine maintenance and repairs to the Gartner Building. The Fund XI-XII-REIT Joint Venture, as landlord, is responsible for repairs and replacement of the roof, structure, and paved parking areas. Gartner also has two expansion options for additional buildings under the Gartner Lease.

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

Videojet Building	One Month Ended September 30, 1999
Revenues:	
Rental income	$ 219,376
Expenses:	
Depreciation	97,774
Management and leasing expenses	10,679
Other operating expenses	254
	108,707
Net income	$ 110,669
Occupied %	100%
Company's ownership %	100%
Cash distribution to the Company	$ 157,899
Net income allocated to the Company	$ 110,669

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, for a purchase price of $32,630,940, excluding acquisition costs.

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

The annual base rent payable under the Videojet Lease is $2,838,952 through November 2001 and then $3,376,746 through November 2011.

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

PART II. OTHER INFORMATION

ITEM 6 (b.)

During the third quarter of 1999, the Registrant filed (i) a current report on Form 8-K dated July 2, 1999 describing the acquisition of the Sprint Building by the Fund XI-XII-REIT Joint Venture, (ii) a current report on Form 8-K dated September 10, 1999 describing the acquisition of the Videojet Building, and (iii) a current report on Form 8-K dated September 20, 1999 describing the acquisition of the Gartner Building by the Fund XI-XII-REIT Joint Venture.

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: November 10, 1999 By: /s/ Leo F. Wells, III

Leo F. Wells, III
President and Director

By: /s/ Douglas P. Williams

Douglas P. Williams
Principal Financial and Accounting Officer

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