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 March 31, 2002 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 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

CONSOLIDATED BALANCE SHEETS

ASSETS

	March 31, 2002	December 31, 2001
REAL ESTATE ASSETS, at cost:		
Land	$ 94,273,542	$ 86,246,985
Building and improvements, less accumulated depreciation of $30,558,906 in 2002 and $24,814,454 in 2001	563,639,005	472,383,102
Construction in progress	8,827,823	5,738,573
Total real estate assets	666,740,370	564,368,660
INVESTMENT IN JOINT VENTURES	76,811,543	77,409,980
CASH AND CASH EQUIVALENTS	187,022,573	75,586,168
INVESTMENT IN BONDS	22,000,000	22,000,000
ACCOUNTS RECEIVABLE	7,697,487	6,003,179
DEFERRED PROJECT COSTS	7,739,896	2,977,110
DEFERRED LEASE ACQUISITION COSTS, net	1,868,674	1,525,199
DUE FROM AFFILIATES	1,820,241	1,692,727
PREPAID EXPENSES AND OTHER ASSETS, net	1,584,942	718,389
DEFERRED OFFERING COSTS	244,761	0
Total assets	$973,530,487	$752,281,412
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES:		
Notes payable	$ 11,071,586	$ 8,124,444
Obligation under capital lease	22,000,000	22,000,000
Accounts payable and accrued expenses	8,570,735	8,727,473
Dividends payable	3,657,498	1,059,026
Due to affiliates	990,923	2,166,161
Deferred rental income	1,567,241	661,657
Total liabilities	47,857,983	42,738,761
MINORITY INTEREST OF UNIT HOLDER IN OPERATING PARTNERSHIP	200,000	200,000
SHAREHOLDERS' EQUITY:		
Common shares, $.01 par value; 125,000,000 shares authorized, 109,331,764 shares issued and 108,472,526 shares outstanding at March 31, 2002, and 83,761,469 shares issued and 83,206,429 shares outstanding at December 31, 2001	1,093,317	837,614
Additional paid-in capital	966,577,500	738,236,525
Cumulative distributions in excess of earnings	(33,555,824)	(24,181,092)
Treasury stock, at cost, 859,238 shares at March 31, 2002 and 555,040 shares		

at December 31, 2001	(8,592,377)	(5,550,396)
Other comprehensive loss	(50,112)	0
Total shareholders' equity	925,472,504	709,342,651
Total liabilities and shareholders' equity	$973,530,487	$752,281,412

The accompanying condensed notes are an integral part of these consolidated financial statements.

WELLS REAL ESTATE INVESTMENT TRUST, INC.
AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF INCOME

	Three Months Ended March 31, 2002	Three Months Ended March 31, 2001
REVENUES:		
Rental income	$16,738,163	$ 9,860,085
Equity in income of joint ventures	1,206,823	709,713
Interest income	1,113,715	99,915
Take out fee	134,102	0
	19,192,803	10,669,713
EXPENSES:		
Depreciation	5,744,452	3,187,179
Management and leasing fees	899,495	565,714
Operating costs, net of reimbursements	624,698	1,091,185
General and administrative	529,031	175,107
Interest expense	440,001	2,160,426
Amortization of deferred financing costs	175,462	214,757
	8,413,139	7,394,368
NET INCOME	$10,779,664	$ 3,275,345
EARNINGS PER SHARE		
Basic and diluted	$ 0.11	$ 0.10

The accompanying condensed notes are an integral part of these consolidated financial statements.

WELLS REAL ESTATE INVESTMENT TRUST, INC.
AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2001

AND FOR THE THREE MONTHS ENDED MARCH 31, 2002

	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Cumulative Distributions in Excess of Earnings	Retained Earnings	Treasury Stock Shares
BALANCE, December 31, 2000	31,509,807	$ 315,097	$275,573,339	$ (9,133,855)	$ 0	(141,297)
Issuance of common stock	52,251,662	522,517	521,994,103	0	0	0
Treasury stock purchased	0	0	0	0	0	(413,743)
Net income	0	0	0	0	21,723,967	0
Dividends ($.76 per share)	0	0	0	(15,047,237)	(21,723,967)	0
Sales commissions and discounts	0	0	(49,246,118)	0	0	0
Other offering expenses	0	0	(10,084,799)	0	0	0

BALANCE, December 31, 2001	83,761,469	837,614	738,236,525	(24,181,092)	0	(555,040)
Issuance of common stock	25,570,295	255,703	255,447,240	0	0	0
Treasury stock purchased	0	0	0	0	0	(304,198)
Net income	0	0	0	0	10,779,664	0
Dividends ($.19 per share)	0	0	0	(9,374,732)	(10,779,664)	0
Sales commissions and discounts	0	0	(24,579,655)	0	0	0
Other offering expenses	0	0	(2,526,610)	0	0	0
Gain/(loss) on interest rate swap	0	0	0	0	0	0
BALANCE, March 31, 2002	109,331,764	$1,093,317	$966,577,500	$(33,555,824)	$ 0	(859,238)

	Treasury Stock Amount	Other Comprehensive Income	Total Shareholders' Equity
BALANCE, December 31, 2000	$(1,412,969)	$ 0	$265,341,612
Issuance of common stock	0	0	522,516,620
Treasury stock purchased	(4,137,427)	0	(4,137,427)
Net income	0	0	21,723,967
Dividends ($.76 per share)	0	0	(36,771,204)
Sales commissions and discounts	0	0	(49,246,118)
Other offering expenses	0	0	(10,084,799)
BALANCE, December 31, 2001	(5,550,396)	0	709,342,651
Issuance of common stock	0	0	255,702,943
Treasury stock purchased	(3,041,981)	0	(3,041,981)
Net income	0	0	10,779,664
Dividends ($.19 per share)	0	0	(20,154,396)
Sales commissions and discounts	0	0	(24,579,655)
Other offering expenses	0	0	(2,526,610)
Gain/(loss) on interest rate swap	0	(50,112)	(50,112)
BALANCE, March 31, 2002	$(8,592,377)	$(50,112)	$925,472,504

The accompanying condensed notes are an integral part of these consolidated financial statements.

WELLS REAL ESTATE INVESTMENT TRUST, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three Months Ended	
	March 31, 2002	March 31, 2001
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 10,779,664	$ 3,275,345
Adjustments to reconcile net income to net cash provided by operating activities:		
Equity in income of joint ventures	(1,206,823)	(709,713)
Depreciation	5,744,452	3,187,179
Amortization of deferred financing costs	175,462	214,757
Amortization of deferred leasing costs	72,749	75,837
Deferred lease acquisition costs paid	(400,000)	0
Changes in assets and liabilities:		
Accounts receivable	(1,694,308)	(264,416)
Due from affiliates	(13,740)	0
Deferred rental income	905,584	(142,888)
Prepaid expenses and other assets, net	(1,092,127)	2,481,643
Accounts payable and accrued expenses	(156,738)	96,828
Due to affiliates	(626)	20,742
Net cash provided by operating activities	13,113,549	8,235,314
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investments in real estate	(104,051,998)	(2,703,858)
Investment in joint ventures	0	(5,749)
Deferred project costs paid	(9,461,180)	(2,288,936)
Distributions received from joint ventures	1,691,486	734,286
Net cash used in investing activities	(111,821,692)	(4,264,257)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from notes payable	2,947,142	5,800,000
Repayment of notes payable	0	(56,923,187)
Dividends paid to shareholders	(17,555,924)	(6,213,236)
Issuance of common stock	255,702,943	66,174,705
Sales commissions paid	(24,579,655)	(6,212,824)
Offering costs paid	(3,327,977)	(1,961,945)
Treasury stock purchased	(3,041,981)	(776,555)
Net cash (used in) provided by financing activities	210,144,548	(113,042)
NET INCREASE IN CASH AND CASH EQUIVALENTS	111,436,405	3,858,015
CASH AND CASH EQUIVALENTS, beginning of year	75,586,168	4,298,301
CASH AND CASH EQUIVALENTS, end of period	$ 187,022,573	$ 8,156,316

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING ACTIVITIES:		
Deferred project costs applied to real estate assets	$ 4,080,388	$ 1,430,111
Deferred project costs due to affiliate	$ 496,134	$ 0
Interest rate swap	$ (50,112)	$ 0
Deferred offering costs due to affiliate	$ 244,761	$ 0
Other offering costs due to affiliate	$ 141,761	$ 0
Write-off of deferred offering costs due to affiliate	$ 0	$ 709,686

The accompanying condensed notes are an integral part of these consolidated financial statements.

WELLS REAL ESTATE INVESTMENT TRUST, INC.
AND SUBSIDIARY

CONDENSED NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2002

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, which qualifies as a real estate investment trust ("REIT"). Substantially all of the Company's business is conducted through 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 income producing commercial properties for investment purposes on behalf of the Company. The Company is the sole general partner of Wells OP.

On January 30, 1998, the Company commenced its initial 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 filed under the Securities Act of 1933. The Company commenced active operations on June 5, 1998, upon receiving and accepting subscriptions for 125,000 shares. The Company terminated its initial public offering on December 19, 1999 at which time gross proceeds of approximately $132,181,919 had been received from the sale of approximately 13,218,192 shares. The Company commenced its second public offering of shares of common stock on December 20, 1999, which was terminated on December 19, 2000 after receipt of gross proceeds of approximately $175,229,193 from the sale of approximately 17,522,919 shares from the second public offering. The Company commenced its third public offering of the shares of common stock on December 20, 2000. As of March 31, 2002, the Company has received gross proceeds of approximately $785,906,526 from the sale of approximately 78,590,653 shares from its third public offering. Accordingly, as of March 31, 2002, the Company has received aggregate gross offering proceeds of approximately $1,093,317,638 from the sale of 109,331,764 shares of its common stock to 27,900 investors. After payment of $37,965,419 in acquisition and advisory fees and acquisition expenses, payment of $125,647,820 in selling commissions and organization and offering expenses, capital contributions to joint ventures and acquisitions expenditures by Wells OP of $735,821,825 for property acquisitions, and common stock redemptions of $8,592,377 pursuant to the Company's share redemption program, the Company was holding net offering proceeds of $185,290,197 available for investment in properties, as of March 31, 2002.

(b) Properties

As of March 31, 2002, the Company owned interests in 44 properties listed in the table below through its ownership in Wells OP. As of March 31, 2002, all of these properties were 100% leased.

Property Name	Tenant	Property Location	% Owned	Purchase Price	Square Feet	Annual Rent
Dana Detroit Building	Dana Corporation	Detroit, MI	100%	$23,650,000	112,480	$2,330,600
Dana Kalamazoo Building	Dana Corporation	Kalamazoo, MI	100%	$18,300,000	147,004	$1,842,800
Novartis Building	Novartis Opthalmics, Inc.	Atlanta, GA	100%	$15,000,000	100,087	$1,426,240
Transocean Houston Building	Transocean Deepwater Offshore Drilling, Inc.	Houston, TX	100%	$22,000,000	103,260	$2,110,035
	Newpark Resources, Inc.				52,731	$1,153,227
Andersen Building	Arthur Andersen LLP	Sarasota, FL	100%	$21,400,000	157,704	$1,988,454
Windy Point Buildings	TCI Great Lakes, Inc.	Schaumburg, IL	100%	$89,275,000	129,157	$1,940,404
	The Apollo Group, Inc.				28,322	$ 242,948
	Global Knowledge Network				22,028	$ 358,094
	Zurich American Insurance				300,000	$4,718,285
	Various other tenants				8,884	$ 129,947
Convergys Building	Convergys Customer Management Group, Inc.	Tamarac, FL	100%	$13,255,000	100,000	$1,144,176
ADIC Buildings	Advanced Digital Information Corporation	Parker, CO	68.2%	12,954,213	148,200	$1,124,868
Lucent Building	Lucent Technologies, Inc.	Cary, NC	100%	$17,650,000	120,000	$1,813,500
Ingram Micro Building	Ingram Micro, L.P.	Millington, TN	100%	$21,050,000	701,819	$2,035,275
Nissan Property	Nissan Motor Acceptance Corporation	Irving, TX	100%	$ 5,545,700(1)	268,290	$4,225,860(2)
IKON Buildings	IKON Office Solutions, Inc.	Houston, TX	100%	$20,650,000	157,790	$2,015,767
State Street Building	SSB Realty, LLC	Quincy, MA	100%	$49,563,000	234,668	$6,922,706
AmeriCredit Building	AmeriCredit Financial Services Corporation	Orange Park, FL	68.2%	$12,500,000	85,000	$1,322,388
Comdata Building	Comdata Network, Inc.	Nashville, TN	55.0%	$24,950,000	201,237	$2,443,647
AT&T Oklahoma Buildings	AT&T Corp.	Oklahoma City, OK	55.0%	$15,300,000	103,500	$1,242,000
	Jordan Associates, Inc.				25,000	$ 294,504
Metris Minnesota Building	Metris Direct, Inc.	Minnetonka, MN	100%	$52,800,000	300,633	$4,960,445
Stone & Webster Building	Stone & Webster, Inc.	Houston, TX	100%	$44,970,000	206,048	$4,533,056
	SYSCO Corporation				106,516	$2,130,320
Motorola Plainfield Building	Motorola, Inc.	South Plainfield, NJ	100%	$33,648,156	236,710	$3,324,427
Quest Building	Quest Software, Inc.	Irvine, CA	15.8%	$ 7,193,000	65,006	$1,287,119
Delphi Building	Delphi Automotive Systems, LLC	Troy, MI	100%	$19,800,000	107,193	$1,937,664
Avnet Building	Avnet, Inc.	Tempe, AZ	100%	$13,250,000	132,070	$1,516,164
Siemens Building	Siemens Automotive Corp.	Troy, MI	56.8%	$14,265,000	77,054	$1,371,946
Motorola Tempe Building	Motorola, Inc.	Tempe, AZ	100%	$16,000,000	133,225	$1,913,999
ASML Building	ASM Lithography, Inc.	Tempe, AZ	100%	$17,355,000	95,133	$1,927,788
Dial Building	Dial Corporation	Scottsdale, AZ	100%	$14,250,000	129,689	$1,387,672
Metris Tulsa Building	Metris Direct, Inc.	Tulsa, OK	100%	$12,700,000	101,100	$1,187,925
Cinemark Building	Cinemark USA, Inc.	Plano, TX	100%	$21,800,000	65,521	$1,366,491
	The Coca-Cola Co.				52,587	$1,354,524
Gartner Building	The Gartner Group, Inc.	Ft. Myers, FL	56.8%	$ 8,320,000	62,400	$ 830,968
Videojet Technologies Chicago (formerly known as the "Marconi Building")	Videojet Technologies, Inc.	Wood Dale, IL	100%	$32,630,940	250,354	$3,376,743
Johnson Matthey Building	Johnson Matthey, Inc.	Tredyffrin Township, PA	56.8%	$ 8,000,000	130,000	$841,750
Alstom Power Richmond Building	Alstom Power, Inc.	Midlothian, VA	100%	$11,400,000	99,057	$1,225,963
Sprint Building	Sprint Communications Company, L.P.	Leawood, KS	56.8%	$ 9,500,000	68,900	$1,062,949
EYBL CarTex Building	EYBL CarTex, Inc.	Greenville, SC	56.8%	$ 5,085,000	169,510	$ 543,845
Matsushita Building	Matsushita Avionics Systems Corporation	Lake Forest, CA	100%	$18,431,206	144,906	$1,995,704
AT&T Pennsylvania Building	Pennsylvania Cellular Telephone Corp.	Harrisburg, PA	100%	$12,291,200	81,859	$1,442,116
PwC Building	PricewaterhouseCoopers, LLP	Tampa, FL	100%	$21,127,854	130,091	$2,093,382
Fairchild Building	Fairchild Technologies	Fremont, CA	77.5%	$ 8,900,000	58,424	$ 922,444

	U.S.A., Inc.					
Cort Furniture Building	Cort Furniture Rental Corporation	Fountain Valley, CA	44.0%	$ 6,400,000	52,000	$ 834,888
Iomega Building	Iomega Corporation	Ogden City, UT	3.7%	$ 5,025,000	108,250	$ 539,958
Interlocken Building	ODS Technologies, L.P. and GAIAM, Inc.	Broomfield, CO	3.7%	$ 8,275,000	51,975	$1,031,003
Ohmeda Building	Ohmeda, Inc.	Louisville, CO	3.7%	$10,325,000	106,750	$1,004,517
Alstom Power Knoxville Building	Alstom Power, Inc.	Knoxville, TN	3.7%	$ 7,900,000	84,404	$1,106,519
Avaya Building	Avaya, Inc.	Oklahoma City, OK	3.7%	$ 5,504,276	57,186	$ 536,977

(1) This represents the costs incurred by Wells OP to purchase the land. Total costs to be incurred for development of the Nissan Property are currently estimated to be $42,259,000.

(2) Annual rent does not take effect until construction of the building is completed and the tenant is occupying the building.

Wells OP owns interests in properties directly and through equity ownership in the following joint ventures:

Joint Venture	Joint Venture Partners	Properties Held by Joint Venture
Fund XIII-REIT Joint Venture	Wells Operating Partnership, L.P. Wells Real Estate Fund XIII, L.P.	The AmeriCredit Building The ADIC Buildings
Fund XII-REIT Joint Venture	Wells Operating Partnership, L.P. Wells Real Estate Fund XII, L.P.	The Siemens Building The AT&T Oklahoma Buildings The Comdata Building
Fund XI-XII-REIT Joint Venture	Wells Operating Partnership, L.P. Wells Real Estate Fund XI, L.P. Wells Real Estate Fund XII, L.P.	The EYBL CarTex Building The Sprint Building The Johnson Matthey Building The Gartner Building
Fund IX-X-XI-REIT Joint Venture	Wells Operating Partnership, L.P. Wells Real Estate Fund IX, L.P. Wells Real Estate Fund X, L.P. Wells Real Estate Fund XI, L.P.	The Alstom Power Knoxville Building The Ohmeda Building The Interlocken Building The Avaya Building The Iomega Building
Wells/Fremont Associates Joint Venture (the "Fremont Joint Venture")	Wells Operating Partnership, L.P. Fund X-XI Joint Venture	The Fairchild Building
Wells/Orange County Associates Joint Venture (the "Orange County Joint Venture")	Wells Operating Partnership, L.P. Fund X-XI Joint Venture	The Cort Building
Fund VIII-IX-REIT Joint Venture	Wells Operating Partnership, L.P. Fund VIII-IX Joint Venture	Quest Building

(c) Critical Accounting Policies

The Company's accounting policies have been established in accordance with accounting principles generally accepted in the United States ("GAAP"). The preparation of financial statements in conformity with GAAP requires management to use judgment in the application of accounting policies, including making estimates and assumptions. These judgments affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenue and expenses during the reporting periods. If our judgment or interpretation of the facts and circumstances relating to various transactions had been different, it is possible that different accounting policies would have been applied; thus, resulting in a different presentation of our financial statements. Below is a discussion of the accounting policies that we consider to be critical in that they may require complex judgment in their application or require estimates about matters which are inherently uncertain.

Revenue Recognition

The Company recognizes rental income generated from all leases on real estate assets in which the Company has an ownership interest, either directly or through investments in joint ventures, on a straight-line basis over the terms of the respective leases. If a tenant was to encounter financial difficulties in future periods, the amount recorded as a receivable may not be realized.

Operating Cost Reimbursements

The Company generally bills tenants for operating cost reimbursements, either directly or through investments in joint ventures, on a monthly basis at amounts estimated largely based on actual prior period activity and the respective lease terms. Such billings are generally adjusted on an annual basis to reflect reimbursements owed to the landlord based on the actual costs incurred during the period and the respective lease terms. Financial difficulties encountered by tenants may result in receivables not being realized.

Real Estate

Management continually monitors events and changes in circumstances indicating that the carrying amounts of the real estate assets in which the Company has an ownership interest, either directly or through investments in joint ventures, may not be recoverable. When such events or changes in circumstances are present, management assesses the potential impairment by comparing the fair market value of the asset, estimated at an amount equal to the future undiscounted operating cash flows expected to be generated from tenants over the life of the asset and from its eventual disposition, to the carrying value of the asset. In the event that the carrying amount exceeds the estimated fair market value, the Company would recognize an impairment loss in the amount required to adjust the carrying amount of the asset to its estimated fair market value. Neither the Company nor its joint ventures have recognized impairment losses on real estate assets in 2002 or 2001.

Deferred Project Costs

Wells Capital, Inc. (the "Advisor") expects to continue to fund 100% of the acquisition and advisory fees and acquisition expenses and recognize related expenses, to the extent that such costs exceed 3.5% of cumulative capital raised (subject to certain overall limitations described in the prospectus), on behalf of the Company. The Company records acquisition and advisory fees and acquisition expenses by capitalizing deferred project costs and reimbursing the Advisor in an amount equal to 3.5% of cumulative capital raised to date. As the Company invests its capital proceeds, deferred project costs are applied to real estate assets, either directly or through contributions to joint ventures, at an amount equal to 3.5% of each investment and depreciated over the useful lives of the respective real estate assets. Acquisition and advisory fees and acquisition expenses paid as of March 31, 2002, amounted to $37,965,419 and represented approximately 3.5% of shareholders' capital contributions received. These fees are allocated to specific properties as they are purchased or developed and are included in capitalized assets of the joint venture, or real estate assets. Deferred project costs at March 31, 2002 and December 31, 2001, represent fees paid, but not yet applied to properties.

Deferred Offering Costs

The Advisor expects to continue to fund 100% of the organization and offering costs and recognize related expenses, to the extent that such costs exceed 3% of cumulative capital raised, on behalf of the Company. Organization and offering costs include items such as legal and accounting fees, marketing and promotional costs, and printing costs, and specifically exclude sales costs and underwriting commissions. The Company records offering costs by accruing deferred offering costs, with an offsetting liability included in due to affiliates, at an amount equal to the lesser of 3% of cumulative capital raised to date or actual costs incurred from third-parties less reimbursements paid to the Advisor. As the actual equity is raised, the Company reverses the deferred offering costs accrual and recognizes a charge to stockholders' equity upon reimbursing the Advisor. As of March 31, 2002, the Advisor had paid offering expenses on behalf of the Company in an aggregate amount of $23,230,560, of which the Advisor had been reimbursed $22,021,962, which did not exceed the 3% limitation. Deferred offering costs in the accompanying balance sheet represent costs incurred by the Advisor which will be reimbursed by the Company.

(d) 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 90% 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. The Company currently calculates quarterly dividends based on the daily record and dividend declaration dates; thus, shareholders are entitled to receive dividends immediately upon the purchase of shares.

Dividends to be distributed to the shareholders are determined by the Board of Directors and are dependent on a number of factors related 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 Code. Operating cash flows are expected to increase as additional properties are added to the Company's investment portfolio.

(e) 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.

(f) Employees

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

(g) 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.

(h) 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.

(i) 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.

(j) Basis of Presentation

Substantially all of the Company's business is conducted through Wells OP. On December 31, 1997, Wells OP issued 20,000 limited partner units to 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 the Company and Wells OP. The Advisor, a limited partner, is not currently receiving distributions from its investment in 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. Results for interim periods are not necessarily indicative of full year results. For further information, refer to the financial statements and footnotes included in the Company's Form 10-K for the year ended December 31, 2001.

2. INVESTMENT IN JOINT VENTURES

(a) Basis of Presentation

As of March 31, 2002, the Company owned interests in 17 properties in joint ventures with related entities through its ownership in Wells OP, which owns interests in seven such 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 ventures is recorded using the equity method.

(b) Summary of Operations

The following information summarizes the operations of the unconsolidated joint ventures in which the Company, through Wells OP, had ownership interests as of March 31, 2002 and 2001, respectively. There were no additional investments in joint ventures made by the Company during the three months ended March 31, 2002.

	Total Revenues		Net Income		Wells OP's Share of Net Income	
	Three Months Ended		Three Months Ended		Three Months Ended	
	March 31, 2002	March 31, 2001	March 31, 2002	March 31, 2001	March 31, 2002	March 31, 2001
Fund IX-X-XI-REIT Joint Venture	$1,379,059	$1,449,856	$ 554,268	$ 638,435	$ 20,572	$ 23,696

Cort Joint Venture	212,006	199,586	129,750	133,753	56,658	58,406
Fremont Joint Venture	225,161	225,178	135,948	142,612	105,365	110,530
Fund XI-XII-REIT Joint Venture	858,219	847,030	497,149	514,277	282,197	291,918
Fund XII-REIT Joint Venture	1,670,863	947,943	805,513	445,321	442,726	208,634
Fund VIII-IX-REIT Joint Venture	323,746	267,624	160,696	105,033	273,931	16,529
Fund XIII-REIT Joint Venture	700,648	0	401,674	0	25,374	0
	$5,369,702	$3,937,217	$2,684,998	$1,979,431	$1,206,823	$709,713

3. INVESTMENTS IN REAL ESTATE

As of March 31, 2002, the Company, through its ownership in Wells OP, owns 27 properties directly. The following describes acquisitions made directly by Wells OP during the three months ended March 31, 2002.

The Andersen Building

On January 11, 2002, Wells OP purchased the Andersen Building, a three-story office building containing approximately 157,700 rentable square feet on a 9.8 acre tract of land located in Sarasota County, Florida for a purchase price of $21,400,000, excluding closing costs. The Andersen Building is leased to Arthur Andersen LLP ("Andersen"). The current term of the Andersen lease is 10 years, which commenced on November 11, 1998 and expires on October 31, 2009. Andersen has the right to extend the initial 10-year term of its lease for two additional five-year periods at 90% of the then-current market rental rate. The current annual base rent payable under the Andersen lease is $1,988,454. Andersen has the option to purchase the Andersen Building prior to the end of the fifth lease year for $23,250,000 and again at the expiration of the initial lease term for $25,148,000.

The Transocean Houston Building

On March 15, 2002, Wells OP purchased the Transocean Houston Building, a six story office building containing approximately 156,000 rentable square feet located in Houston, Harris County, Texas for a purchase price of $22,000,000, excluding closing costs. The Transocean Houston Building is 100% leased to Transocean Deepwater Offshore Drilling, Inc. ("Transocean") and Newpark Drilling Fluids, Inc. ("Newpark").

The Transocean lease is a triple net lease which covers approximately 103,260 square feet commencing in December 2001 and expiring in March 2011. The initial annual base rent payable under the Transocean lease is $2,110,035. Transocean has the option to extend the initial term of its lease for either (1) two additional five-year periods, or (2) one additional ten-year period, at the then-current market rental rate. In addition, Transocean has an expansion option and a right of first refusal for up to an additional 51,780 rentable square feet.

The Newpark lease covers approximately 52,731 rentable square feet and is a net lease that commenced in August 1999 and expires in August 2009. The current annual base rent payable under the Newpark lease is $1,153,227.

The Novartis Atlanta Building

On March 28, 2002, Wells OP purchased the Novartis Atlanta Building, a four-story office building containing approximately 100,000 rentable square feet located in Duluth, Fulton County, Georgia for a purchase price of $15,000,000, excluding closing costs. The Novartis Atlanta Building is 100% leased to Novartis Opthalmics, Inc. ("Novartis"). The Novartis lease is a net lease which commenced in August 2001 and expires in July 2011. Novartis Corporation, the parent of Novartis, has guaranteed the lease. The current annual base rent payable is $1,426,240. Novartis, at its option, may extend the initial term of its lease for three additional five-year periods at the then-current market rental rate. In addition, Novartis may terminate the lease at the end of the fifth lease year by paying a $1,500,000 termination fee.

The Dana Corporation Buildings

On March 29, 2002, Wells OP purchased all of the membership interests in Dana Farmington Hills, LLC and Dana Kalamazoo, LLC, which respectively owned a three-story office and research development building containing approximately 112,400 rentable square feet located in Farmington Hills, Oakland County, Michigan (the "Dana Detroit Building") and a two-story office and industrial building containing approximately 147,000 rentable square feet located in Kalamazoo, Kalamazoo County, Michigan (the "Dana Kalamazoo Building") for an aggregate purchase price of $41,950,000, excluding closing costs.

The Dana Detroit Building is 100% leased to the Dana Corporation ("Dana") under a net lease that commenced in October 2001 and expires in October 2021. The current annual base rent payable under the Dana lease for Detroit is $2,330,600. Dana may, at its option, extend the initial term of its lease for

six additional five-year periods at the then-current market rental rate. Additionally, Dana may terminate the lease after the eleventh year of its initial lease term subject to certain conditions.

The Dana Kalamazoo Building is also 100% leased to Dana. The Dana lease for Kalamazoo is a net lease which commenced in October 2001 and expires in October 2011. The current annual base rent payable is $1,842,800. Dana has the option to extend the initial term of the Dana lease in Kalamazoo for six additional five-year periods at the then-current market rental rate. Additionally, Dana may terminate the lease at any time after the sixth year of the initial lease term and before the end of the nineteenth lease year, subject to certain conditions.

4. NOTES PAYABLE

Notes payable consists of (i) $7,655,600 of draws on a line of credit from SouthTrust Bank secured by a first mortgage against the Cinemark, ASML, Dial, PwC, Motorola Tempe and Avnet Buildings and (ii) $3,415,986 outstanding on the construction loan from Bank of America which is being used to fund the development of the Nissan Property.

5. DUE TO AFFILIATES

Due to affiliates consists of amounts due to the Advisor for Acquisitions and Advisory Fees and Acquisition Expenses, deferred offering costs, and other operating expenses paid on behalf of the Company. Also included in due to affiliates is the amount due to the Fund VIII-IX Joint Venture related to the Matsushita lease guarantee, which is explained in detail in the financial statements and footnotes included in the Company's Form 10-K for the year ended December 31, 2001. Payments of $601,963 have been made as of March 31, 2002 toward funding the obligation under the Matsushita agreement.

6. COMMITMENTS AND CONTINGENCIES

Take Out Purchase and Escrow Agreement

An affiliate of the Advisor ("Wells Exchange") has developed a program (the "Wells Section 1031 Program") involving the acquisition by Wells Exchange of income-producing commercial properties and the formation of a series of single member limited liability companies for the purpose of facilitating the resale of co-tenancy interests in such real estate properties to be owned in co-tenancy arrangements with persons ("1031 Participants") who are looking to invest the proceeds from a sale of real estate held for investment in another real estate investment for purposes of qualifying for like-kind exchange treatment under Section 1031 of the Code. Each of these properties will be financed by a combination of permanent first mortgage financing and interim loan financing obtained from institutional lenders.

Following the acquisition of each property, Wells Exchange will attempt to sell co-tenancy interests to 1031 Participants, the proceeds of which will be used to pay off the interim financing. In consideration for the payment of a Take Out Fee to the Company, and following approval of the potential property acquisition by the Company's Board of Directors, it is anticipated that Wells OP will enter into a contractual relationship providing that, in the event that Wells Exchange is unable to sell all of the co-tenancy interests in that particular property to 1031 Participants, Wells OP will purchase, at Wells Exchange's cost, any co-tenancy interests remaining unsold at the end of the offering period. As a part of the initial transaction in the Wells Section 1031 Program, and in consideration for the payment of a take out fee in the amount of $137,500 to the Company, Wells OP entered into a take out purchase and escrow agreement dated April 16, 2001 providing, among other things, that Wells OP would be obligated to acquire, at Wells Exchange's cost, any unsold co-tenancy interests in the building known as the Ford Motor Credit Complex which remained unsold at the expiration of the offering of Wells Exchange on April 15, 2002. On April 12, 2002, Wells Exchange paid off the interim financing on the Ford Motor

Credit Complex and, accordingly, Wells OP has been released from its prior obligations under the take out purchase and escrow agreement relating to such property.

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.

Forward Looking Statements

This Report contains forward-looking statements, within the meaning of Section 27A of the Securities Act of 1933 and 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 anticipated cash distributions to 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 the Report, which include changes in general economic conditions, changes in real estate conditions, construction costs which may exceed estimates, construction delays, increases in interest rates, 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

During the three months ended March 31, 2002, the Company received aggregate gross offering proceeds of $255,702,943 from the sale of 25,570,293 shares of its common stock. After payment of $8,843,134 in acquisition and advisory fees and acquisition expenses, payment of $27,106,265 in selling commissions and organization and offering expenses, and common stock redemptions of $3,041,981 pursuant to the Company's share redemption program, the Company raised net offering proceeds of $216,711,563 during the first quarter of 2002, of which $185,290,197 remained available for investment in properties at quarter end.

During the three months ended March 31, 2001, the Company received aggregate gross offering proceeds of $66,174,704 from the sale of 6,617,470 shares of its common stock. After payment of $2,288,933 in acquisition and advisory fees and acquisition expenses, payment of $8,175,768 in selling commissions and organizational and offering expenses, and common stock redemptions of $776,555 pursuant to the Company's share redemption program, the Company raised net offering proceeds of $54,933,448 during the first quarter of 2001, of which $5,952,930 was available for investment in properties at quarter end.

The significant increase in capital resources available to the Company is due to significantly increased sales of its common stock during the first quarter of 2002.

As of March 31, 2002, the Company owned interests in 44 real estate properties either directly or through its interests in joint ventures. These properties are generating operating cash flow sufficient to cover the Company's operating expenses and pay dividends to shareholders. Dividends declared for the first quarter of 2002 and the first quarter of 2001 were approximately $0.194 and $0.188 per share, respectively. Although there is no assurance, management of the Company anticipates that dividend distributions to shareholders will continue in 2002 at a level at least comparable with 2001 dividend distributions.

Cash Flows From Operating Activities

The Company's net cash provided by operating activities was $13,113,549 and $8,235,314 for the three months ended March 31, 2002 and 2001, respectively. The increase in net cash provided by operating

activities was due primarily to the net income generated by additional properties acquired during 2002 and 2001.

Cash Flows Used In Investing Activities

The Company's net cash used in investing activities was $111,821,692 and $4,264,257 for the three months ended March 31, 2002 and 2001, respectively. The increase in net cash used in investing activities was due primarily to investments in properties and the payment of related deferred project costs, partially offset by distributions received from joint ventures.

Cash Flows From Financing Activities

The Company's net cash provided by financing activities was $210,144,548 for the three months ended March 31, 2002 and net cash used in financing activities for the three months ended March 31, 2001 was $113,042. The increase in net cash provided by financing activities was due primarily to the raising of additional capital and the lack of debt payments which were $56.9 million in the prior year. The Company raised $255,702,943 in offering proceeds for the three months ended March 31, 2002, as compared to $66,174,705 for the same period in 2001. Additionally, the Company paid dividends totaling $17.6 million compared to $6.2 million in the first quarter of 2002 and 2001, respectively.

Results of Operations

As of March 31, 2002, the Company's real estate properties were 100% leased to tenants. Gross revenues were $19,192,803 and $10,669,713 for the three months ended March 31, 2002 and 2001, respectively. Gross revenues for the three months ended March 31, 2002 and 2001 were attributable to rental income, interest income earned on funds held by the Company prior to the investment in properties, and income earned from joint ventures. The increase in revenues in 2002 was primarily attributable to the purchase of additional properties for $104,051,998 during 2002 and the purchase of additional properties for $227,933,858 in the last three quarters of 2001. The purchase of additional properties also resulted in an increase in expenses which totaled $8,413,139 for the three months ended March 31, 2002, as compared to $7,394,368 for the three months ended March 31, 2001. Expenses in 2002 and 2001 consisted primarily of depreciation, interest expense, management and leasing fees and general and administrative costs. As a result, the Company's net income also increased from $3,275,345 for the three months ended March 31, 2001 to $10,779,664 for the three months ended March 31, 2002.

Funds from Operations

Funds from Operations ("FFO"), as defined by the National Association of Real Estate Investment Trusts ("NAREIT"), generally means net income, computed in accordance with GAAP excluding extraordinary items (as defined by GAAP) and gains (or losses) from sales of property, plus depreciation and amortization on real estate assets, and after adjustments for unconsolidated partnerships, joint ventures and subsidiaries. The Company believes that FFO is helpful to investors as a measure of the performance of an equity REIT. However, the Company's calculation of FFO, while consistent with NAREIT's definition, may not be comparable to similarly titled measures presented by other REITs. Adjusted Funds from Operations ("AFFO") is defined as FFO adjusted to exclude the effects of straight-line rent adjustments, deferred loan cost amortization and other non-cash and/or unusual items. Neither FFO nor AFFO represent cash generated from operating activities in accordance with GAAP and should not be considered as alternatives to net income as an indication of the Company's performance or to cash flows as a measure of liquidity or ability to make distributions.

The following table reflects the calculation of FFO and AFFO for the three months ended March 31, 2002 and 2001, respectively:

	Three Months Ended March 31, 2002	Three Months Ended March 31, 2001
FUNDS FROM OPERATIONS:		
Net income	$10,779,664	$ 3,275,345
Add:		
Depreciation of real assets	5,744,452	3,187,179
Amortization of deferred leasing costs	72,749	75,837
Depreciation and amortization - unconsolidated partnerships	706,176	299,116
Funds from operations (FFO)	17,303,041	6,837,477
Adjustments:		
Loan cost amortization	175,462	214,757
Straight line rent	(1,038,378)	(616,465)
Straight line rent - unconsolidated partnerships	(99,315)	(39,739)
Lease acquisition fees paid- unconsolidated partnerships	0	(2,356)
Adjusted funds from operations (AFFO)	$16,340,810	$ 6,393,674
WEIGHTED AVERAGE SHARES:		
BASIC AND DILUTED	95,130,210	34,359,444

Inflation

The real estate market has not been affected significantly by inflation in the past three years due to the relatively low inflation rate. However, there are provisions in the majority of tenant leases which would protect the Company from the impact of inflation. These provisions include reimbursement billings for common area maintenance charges, real estate tax and insurance reimbursements on a per square foot basis, or in some cases, annual reimbursement of operating expenses above a certain per square foot allowance.

Critical Accounting Policies

The Company's reported results of operations are impacted by management judgments related to application of accounting policies. A discussion of the accounting policies that management considers to be critical, in that they may require complex judgment in their application or require estimates about matters which are inherently uncertain, is included in Footnote 1 to the financial statements.

PART II. OTHER INFORMATION

ITEM 6 (b.) The Registrant filed the following reports on Form 8-K during the first quarter of 2002:

(i) Current Report on Form 8-K dated December 21, 2001, which was filed with the Commission on January 4, 2002, reporting the acquisitions of the Convergys Building located in Tamarac, Florida, the ADIC Buildings located in Parker, Colorado, and the Windy Point Buildings located in Schaumburg, Illinois;

(ii) Amendment No. 1 to Form 8-K dated December 21, 2001, which was filed with the Commission on January 31, 2002, providing the required financial statements of the Registrant relating to the acquisitions of the Convergys Building located in Tamarac, Florida, the ADIC Buildings located in Parker, Colorado, and the Windy Point Buildings located in Schaumburg, Illinois; and

(iii) Current Report of Form 8-K dated March 28, 2002, reporting the acquisitions by the Registrant of the Transocean Houston Building located in Houston, Texas, the Novartis Building located in Atlanta, Georgia, and the Dana Corporation Buildings located in Detroit, Michigan and Kalamazoo, Michigan.

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: May 14, 2002 By: /s/ Douglas P. Williams

Douglas P. Williams
Treasurer and Principal Financial Officer