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, 2001 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

BALANCE SHEETS

ASSETS

	March 31, 2001	December 31, 2000
REAL ESTATE, at cost:		
Land	$ 46,640,032	$ 46,237,812
Building and improvements, less accumulated depreciation of $12,656,832 in 2001 and $9,469,653 in 2000	285,461,251	287,862,655
Construction in progress	6,303,454	3,357,720
Total real estate	338,404,737	337,458,187
INVESTMENT IN JOINT VENTURES (Note 2)	43,901,986	44,236,597
CASH AND CASH EQUIVALENTS	8,156,316	4,298,301
ACCOUNTS RECEIVABLE	3,620,844	3,356,428
DEFERRED LEASE ACQUISITION COSTS	1,599,976	1,890,332
DEFERRED PROJECT COSTS	1,409,081	550,256
DEFERRED OFFERING COSTS	581,690	1,291,376
DUE FROM AFFILIATES	1,050,313	734,286
PREPAID EXPENSES AND OTHER ASSETS, net	2,252,702	4,734,583
Total assets	$400,977,645	$398,550,346

LIABILITIES AND SHAREHOLDERS' EQUITY

	March 31, 2001	December 31, 2000
LIABILITIES:		
Accounts payable	$ 2,263,215	$ 2,166,387
Notes payable (Note 3)	76,540,000	127,663,187
Deferred rental income	238,306	381,194
Due to affiliates (Note 4)	1,084,012	1,772,956
Dividends payable	1,069,579	1,025,010
Total liabilities	81,195,112	133,008,734
MINORITY INTEREST OF UNIT HOLDER IN OPERATING PARTNERSHIP	200,000	200,000
SHAREHOLDERS' EQUITY:		
Common shares, $.01 par value; 125,000,000 shares authorized, 38,127,278 shares issued and 37,908,326 shares outstanding at March 31, 2001, and 31,509,807 shares issued and 31,368,510 outstanding at December 31, 2000.	381,273	315,097
Additional paid-in capital	321,390,784	266,439,484
Treasury stock, at cost, 218,952 shares at March 31, 2001 and 141,297 shares at December 31, 2000.	(2,189,524)	(1,412,969)
Total shareholders' equity	319,582,533	265,341,612

Total liabilities and shareholders' equity	$400,977,645	$398,550,346

The accompanying notes are an integral part of these consolidated balance sheets.

WELLS REAL ESTATE INVESTMENT TRUST, INC.

AND SUBSIDIARY

STATEMENTS OF INCOME

	Three Months Ended	
	March 31, 2001	March 31, 2000
REVENUES:		
Rental income	$ 9,860,085	$3,151,262
Equity in income of joint ventures (Note 2)	709,713	481,761
Interest income	99,915	77,386
	10,669,713	3,710,409
EXPENSES:		
Operating costs, net of reimbursements	1,091,185	148,808
Management and leasing fees	565,714	233,770
Depreciation	3,187,179	1,180,258
Administrative costs	106,540	57,144
Legal and accounting	67,767	19,418
Computer costs	800	3,068
Amortization of deferred financing costs	214,757	22,603
Interest expense	2,160,426	354,052
	7,394,368	2,019,121
NET INCOME	$ 3,275,345	$1,691,288
BASIC AND DILUTED EARNINGS PER SHARE	$ 0.10	$ 0.11

See accompanying condensed notes to financial statements.

WELLS REAL ESTATE INVESTMENT TRUST, INC.

AND SUBSIDIARY

STATEMENTS OF SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2000

AND FOR THE THREE MONTHS ENDED MARCH 31, 2001

	Common Stock		Additional Paid-In Capital	Retained Earnings	Treasury Stock		Total Shareholders' Equity
	Shares	Amount			Shares	Amount	
BALANCE, December 31, 1999	13,471,085	$134,710	$115,880,885	$ 0	0	$ 0	$116,015,595
Issuance of common stock	18,038,722	180,387	180,206,833	0	0	0	180,387,220
Treasury stock purchased	0	0	0	0	(141,297)	(1,412,969)	(1,412,969)

Net income	0	0	0	8,552,967	0	0	8,552,967
Dividends ($.73 per share)	0	0	(7,276,452)	(8,552,967)	0	0	(15,829,419)
Sales commission	0	0	(17,002,554)	0	0	0	(17,002,554)
Other offering expenses	0	0	(5,369,228)	0	0	0	(5,369,228)
BALANCE, December 31, 2000	31,509,807	315,097	266,439,484	0	(141,297)	(1,412,969)	265,341,612
Issuance of common stock	6,617,471	66,176	66,108,529	0	0	0	66,174,705
Treasury stock purchased	0	0	0	0	(77,655)	(776,555)	(776,555)
Net income	0	0	0	3,275,345	0	0	3,275,345
Dividends ($.19 per share)	0	0	(2,982,460)	(3,275,345)	0	0	(6,257,805)
Sales commission	0	0	(6,212,824)	0	0	0	(6,212,824)
Other offering expenses	0	0	(1,961,945)	0	0	0	(1,961,945)
BALANCE, March 31, 2001	38,127,278	$381,273	$321,390,784	$ 0	(218,952)	$(2,189,524)	$319,582,533

See accompanying condensed notes to financial statements.

WELLS REAL ESTATE INVESTMENT TRUST, INC.

AND SUBSIDIARY

STATEMENTS OF CASH FLOWS

	Three Months Ended	
	March 31, 2001	March 31, 2000
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 3,275,345	$ 1,691,288
Adjustments to reconcile net income to net cash provided by operating activities:		
Equity in income of joint ventures	(709,713)	(481,761)
Depreciation	3,187,179	1,180,258
Amortization of deferred financing costs	214,757	22,603
Changes in assets and liabilities:		
Accounts receivable	(264,416)	0
Deferred rental income	(142,888)	0
Prepaid expenses and other assets, net	2,557,480	(2,819,583)
Accounts payable and accrued expenses	96,828	80,001
Due to affiliates	20,742	1,354,887
Net cash provided by operating activities	8,235,314	1,027,693
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investments in real estate	(2,703,858)	(65,329,686)
Investment in joint ventures	(5,749)	0
Deferred project costs paid	(2,288,936)	(940,738)
Distributions received from joint ventures	734,286	648,354
Net cash used in investing activities	(4,264,257)	(65,622,070)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from notes payable	5,800,000	54,991,145
Repayment of notes payable	(56,923,187)	(10,407,472)
Dividends paid	(6,213,236)	(2,177,672)
Issuance of common stock	66,174,705	27,048,365
Sales commissions paid	(6,212,824)	(2,553,429)
Offering costs paid	(1,961,945)	(806,346)
Treasury stock purchased	(776,555)	(170,163)
Net cash (used in) provided by financing activities	(113,042)	65,924,428
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,858,016	1,330,051
CASH AND CASH EQUIVALENTS, beginning of year	4,298,301	2,929,804
CASH AND CASH EQUIVALENTS, end of period	$ 8,156,316	$ 4,259,855
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING ACTIVITIES:		
Deferred project costs applied to real estate assets	$ 1,430,111	$ 749,613
Deferred offering costs due to affiliate	$ 0	$ 94,233
Write-off of deferred offering costs due to affiliate	$ 709,686	$ 0

See accompanying condensed notes to financial statements.

WELLS REAL ESTATE INVESTMENT TRUST, INC.

AND SUBSIDIARY

CONDENSED NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2001

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 income-producing commercial properties for investment purposes.

On January 30, 1998, the Company commenced a public offering of up to 16,500,000 shares of common stock at $10 per share pursuant to a Registration Statement on Form S-11 under the Securities Act of 1933. The Company commenced active operations on June 5, 1998, when it received and accepted subscriptions for 125,000 shares. The Company terminated its initial public offering on December 19, 1999, and on December 20, 1999, the Company commenced a second follow-on public offering of up to 22,200,000 shares of common stock at $10 per share. As of March 31, 2001, the Company had received gross offering proceeds of approximately $73,846,896 from the sale of approximately 7,384,690 shares from its third public offering. Accordingly, as of March 31, 2001, the Wells REIT had received aggregate gross offering proceeds of approximately $381,272,774 from the sale of 38,127,278 shares of its common stock. After payment of $13,267,914 in Acquisition and Advisory Fees and Acquisition Expenses, payment of $47,385,406 in selling commissions and organization and offering expenses, and capital contributions and acquisition expenditures by Wells OP of $313,889,969 in property acquisitions and common stock redemptions of $776,555 pursuant to the Company's share repurchase program, the Company was holding net offering proceeds of $5,952,930 available for investment in properties.

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

As of March 31, 2001, Wells OP owned interests in the following properties either directly or through its interest in the foregoing joint ventures: (i) a three-story office building in Knoxville, Tennessee (the "Alstom Power-Knoxville Building"), (ii) a two-story office building in Louisville, Colorado (the "Ohmeda Building"), (iii) a three-story office building in Broomfield, Colorado (the "360 Interlocken Building"), (iv) a one-story office building in Oklahoma City, Oklahoma (the "Avaya Technologies Building"), (v) a one-story warehouse and office building in Ogden, Utah (the "Iomega Building"), all five of which are owned by the Fund IX-X-XI-REIT Joint Venture, (vi) a two-story warehouse office building in Fremont, California (the "Fremont Building"), which is owned by the Wells/ Fremont Joint Venture, (vii) a one-story warehouse and office building in Fountain Valley, California (the "Cort Building"), which is owned by the Wells/Orange County 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 Harrisburg Building"), which are owned directly by Wells OP, (x) a two-story manufacturing and office building located in Fountain Inn, South Carolina (the "EYBL CarTex Building"), (xi) a three-story office building located in Leawood, Kansas (the "Sprint Building"), (xii) a one story office building and warehouse in Tredyffrin Township, Pennsylvania (the "Johnson Matthey Building"), (xiii) a two-story office building in Ft. Meyers, Florida (the "Gartner Building"), all four of which are owned by Fund XI-XII-REIT Joint Venture, (xiv) a two-story office building located in Lake Forest, California (the "Matsushita Building"), (xv) a four-story office building located in Richmond, Virginia (the "Alstom Power-Richmond Building"), (xvi) a two-story office building and warehouse in Wood Dale, Illinois (the "Marconi Building"), (xvii) a five-story office building in Plano, Texas (the "Cinemark Building"), (xviii) a three-story office building in Tulsa, Oklahoma (the "Metris Building"), (xix) a two-story office building in Scottsdale, Arizona (the "Dial Building"), (xx) a two-story office building in Tempe, Arizona (the "ASML Building"), (xxi) a two-story office building in Tempe, Arizona (the "Motorola-Arizona Building"), (xxii) a two-story office building in Tempe, Arizona (the "Avnet Building"), (xxiii) a three-story office building in Troy, Michigan (the "Delphi Building") all ten of which are owned directly by Wells OP, (xxiv) a three-story office building in Troy, Michigan (the "Siemens Building"), which is owned by the Fund XII-REIT Joint Venture, (xxv) a two-story office building in Orange County, California (the "Quest Building"), formerly the Bake Parkway Building, previously owned by Fund VIII-IX Joint Venture, which is now owned by Fund VIII-IX-REIT Joint Venture, (xxvi) a three-story office building in South Plainfield, New Jersey (the "Motorola-New Jersey Building"), (xxvii) a nine-story office building in Minnetonka, Minnesota (the "Metris Minnetonka Building"), (xxviii) a six-story office building in Houston, Texas (the "Stone and Webster Building"), all three of which are owned directly by Wells OP, and (xxix) a one-story and a two-story office building (the "AT&T-Oklahoma Buildings"), which is owned by the Fund XII-REIT Joint Venture.

(b) Deferred Project Costs

The Company pays a percentage of shareholder contributions to the Advisor for acquisition and advisory services. These payments, are stipulated in the prospectus. These payments may not exceed 3 1/2% of shareholders' capital contributions. Acquisition and Advisory Fees and Acquisition Expenses paid as of March 31, 2001, amounted to $13,267,914 and represented approximately 3 1/2% 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, 2001 and December 21, 2000, represent fees not yet applied to properties.

(c) Deferred Offering Costs

Offering expenses, to the extent that they exceed 3% of gross offering proceeds, will be paid by the Advisor and not by the Company. Offering expenses do not include sales or underwriting commissions but do include such costs as legal and accounting fees, printing costs, and other offering expenses. As of March 31, 2001, the Advisor paid offering expenses on behalf of the Company in an aggregate amount of $11,372,498, which did not exceed the 3% limitation.

(d) Employees

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

(e) Insurance

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

(f) Competition

The Company will experience competition for tenants from owners and managers of competing projects, which may include its affiliates. As a result, the Company may be required to provide free rent, reduced charges for tenant improvements and other inducements, all of which may have an adverse impact on results of operations. At the time the Company elects to dispose of its properties, the Company will also be in competition with sellers of similar properties to locate suitable purchasers for its properties.

(g) Basis of Presentation

Substantially all of the Company's business will be 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 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, 2000.

(h) Distribution Policy

The Company will make distributions each taxable year (not including a return of capital for federal income tax purposes) equal to at least 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.

Distributions will be declared on a monthly basis and paid on a quarterly basis during the offering period and declared and paid quarterly thereafter. No distributions are paid to the Advisor.

(i) Income Taxes

The Company has made an election under Section 856 (C) of the Internal Revenue Code 1986, as amended (the "Code"), to be taxed as a Real Estate Investment Trust ("REIT") under the Code beginning with its taxable year ended December 31, 1998. As a REIT for federal income tax purposes, the

Company generally will not be subject to federal income tax on income that it distributes to its shareholders. If the Company fails to qualify as a REIT in any taxable year, it will then be subject to federal income tax on its taxable income at regular corporate rates and will not be permitted to qualify for treatment as a REIT for federal income tax purposes for four years following the year during which qualification is lost. Such an event could materially adversely affect the Company's net income and net cash available to distribute to shareholders. However, the Company believes that it is organized and operates in such a manner as to qualify for treatment as a REIT and intends to continue to operate in the foreseeable future in such a manner so that the Company will remain qualified as a REIT for federal income tax purposes.

(j) Statement of Cash Flows

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

2. INVESTMENT IN JOINT VENTURES

The Company owned interests in 29 properties through its ownership in Wells OP, which owns interests in six joint ventures. The Company does not have control over the operations of these joint ventures; however, it does exercise significant influence. Accordingly, investment in joint venture is recorded using the equity method.

3. NOTES PAYABLE

Notes payable consists of loans of (i) $50,440,000 due to SouthTrust Bank secured by a first mortgage against the Cinemark, ASML, Dial, PWC, Motorola, Avnet and Alstom Power Buildings, (ii) $8,000,000 due to Richter-Schroeder Company, Inc. secured by a first mortgage against the Metris Building, and (iii) $18,100,000 due to Guarantee Federal secured by a first mortgage on the Stone and Webster Building.

4. 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 December 31, 2000 Form 10-K. Payments of $601,963 have been made as of March 31, 2000 toward funding the obligation under the Matsushita agreement.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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

Liquidity and Capital Resources

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

Between December 31, 1999, and March 31, 2001, the Company raised an additional $246,561,924 in offering proceeds through the sale of an additional 24,656,192 shares. Accordingly, as of March 31, 2001, the Company had raised a total of $381,272,774 in offering proceeds through the sale of 38,127,278 shares of common stock. As of March 31, 2001, the Company had paid a total of $13,267,914 in Acquisition and Advisory Fees and Acquisition Expenses, had paid a total of $47,385,406 in selling commissions and organizational offering expenses, had made capital contributions of $313,889,969 to Wells OP for investments in joint ventures and acquisitions of real property, had utilized $776,555 for the retirement of stock pursuant to the Company's share redemption program, and was holding net offering proceeds of $5,952,930 available for investment and additional properties.

Cash and cash equivalents at March 31, 2001 and 2000 were $8,156,316 and $4,259,855, respectively. The increase in cash and cash equivalents resulted primarily from raising additional capital, which was offset by new investments in real property acquisitions.

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

As of March 31, 2001, the Company had acquired interests in 29 real estate properties. These properties are generating sufficient cash flows to cover the operating expenses of the Company and pay quarterly dividends. Dividends declared for the first quarter of 2001 and the first quarter of 2000 totaled $0.188 and $0.175, respectively, per share, which were declared on a daily record date basis to the shareholders of record at the close of business of each day during the quarter.

Cash Flows from Operating Activities

Net cash provided by operating activities was $8,235,314 for the three months ended March 31, 2001 and $1,027,693 for the three months ended March 31, 2000. The increase in net cash provided by operating activities resulted primarily from additional rental revenues and income in equity of joint ventures generated from the properties acquired during the three months ended March 31, 2001.

Cash Flows from Investing Activities

Net cash used in investing activities decreased from $65,622,070 for the three months ended March 31, 2000 compared to $4,264,257 for the three months ended March 31, 2001 primarily due to acquiring less properties during the first quarter of 2001 compared to the same period in 2000.

Cash Flows from Financing Activities

Net cash generated through financing activities decreased from inflows of $65,924,428 for the three months ended March 31, 2000 to outflows of $113,042 for the three months ended March 31, 2001 primarily due to repayments of notes payable, and was partially offset by raising additional capital. The Company raised $66,174,705 in offering proceeds for the three months ended March 31, 2001, as compared to $27,048,365 for the three months ended March 31, 2000. In addition, the Company received loan proceeds from financings secured by properties of $5,800,000 and repaid notes payable in the amount of $56,923,187 during the first quarter of 2001.

Results of Operations

As of March 31, 2001, the properties owned by the Company were 100% occupied. Gross revenues for the three months ended March 31, 2001, as compared to the three months ended March 31, 2000, increased to $10,669,713 from $3,710,409, respectively, primarily as a result of additional rental revenues and equity in income of joint ventures generated from property acquired during the three months ended March 31, 2001. The purchase of interests in additional properties also resulted in increases in operating expenses, management and leasing fees, depreciation expense, administrative costs, legal and accounting fees, financing costs, and interest expense. As a result, net income increased to $3,275,345 for 2001 as compared to $1,691,288 for 2000.

2. PROPERTY OPERATIONS

As of March 31, 2001, the Company owned interests in the following operational properties:

Alstom Power Building-Knxoville/Fund IX-X-XI-REIT Joint Venture

	Three Months Ended	
	March 31, 2001	March 31, 2000
Revenues:		
Rental income	$ 295,634	$ 315,165
Interest income	20,255	17,728
	315,889	332,893
Expenses:		
Depreciation	99,934	98,454
Management and leasing expenses	24,003	25,253
Other operating expenses, net of reimbursements	9,361	(6,063)
	133,298	117,644
Net income	$ 182,591	$ 215,249
Occupied percentage	100%	100%
Company's ownership percentage	3.71%	3.72%
Cash distributions to the Company	$ 10,340	$ 11,534
Net income allocated to the Company	$ 6,777	$ 8,009

Net income decreased in 2001, compared to 2000, due to a rental adjustment made in the first quarter of 2000. Total expenses increased due to increases in janitorial costs and repairs and maintenance costs associated with common floor space. Other operating expenses were negative for 2000 due to offsetting reimbursement billings for operating costs, and management and leasing expenses related to 1999.

Cash distributions decreased in 2001 compared to 2000 due to a combination of decreased rental income and increased expenses.

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

	Three Months Ended	
	March 31, 2001	March 31, 2000
Revenues:		
Rental income	$256,830	$256,829
Expenses:		
Depreciation	81,576	81,576
Management and leasing expenses	12,545	17,001
Other operating expenses, net of reimbursements	3,982	27,594
	98,103	126,171
Net income	$158,727	$130,658
Occupied percentage	100%	100%
Company's ownership percentage	3.71%	3.72%
Cash distributions to Company	$ 8,707	$ 7,684
Net income allocated to Company	$ 5,891	$ 4,861

Net income increased in 2001 as compared to 2000 due to an overall decrease in expenses. Operating expenses decreased significantly due to a reduction in real estate taxes resulting from to an appeal in 2000 to the taxing authorities. Management and leasing expenses decreased due to a decrease in reimbursement collections in 2001, as these fees are assessed based on cash collections.

Cash distributions have increased because of the increase in net income. The Company's ownership percentage decreased due to additional capital contributions made to the Fund IX-X-XI-REIT Joint Venture by Wells Fund X during the third quarter of 2000.

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

	Three Months Ended	
	March 31, 2001	March 31, 2000
Revenues:		
Rental income	$206,628	$206,189
Expenses:		
Depreciation	71,797	71,670
Management and leasing expenses	22,346	20,907
Other operating expenses, net of reimbursements	7,722	(16,920)
	101,865	75,657
Net income	$104,763	$130,532

Occupied percentage	100%	100%
Company's ownership percentage	3.71%	3.72%
Cash distributions to the Company	$ 6,695	$ 7,573
Net income allocated to the Company	$ 3,888	$ 4,857

Net income decreased in 2001 as compared to 2000 due to a increase in operating expenses. Other operating expenses are negative for 2000 due to an adjustment of tenant reimbursements of operating costs and management and leasing fees. Tenants are billed an estimated amount for current year common-area maintenance reimbursement which are reconciled the following year, and the difference is billed or credited to the tenants.

Cash distributions and net income allocated to the Company for the quarter decreased in 2001 compared to 2000 due to the decrease in net income. The Company's ownership interest in the Fund IX-X-XI-REIT Joint Venture decreased due to additional capital contributions made by Wells Fund X to the Joint Venture during the third quarter of 2000.

Avaya Technologies Building/Fund IX-X-XI-REIT Joint Venture

	Three Months Ended	
	March 31, 2001	March 31, 2000
Revenues:		
Rental income	$145,752	$145,752
Expenses:		
Depreciation	45,801	45,801
Management and leasing expenses	5,485	5,370
Other operating expenses	4,104	3,481
	55,390	54,652
Net income	$ 90,362	$ 91,100
Occupied percentage	100%	100%
Company's ownership percentage	3.71%	3.72%
Cash distributions to the Company	$ 4,627	$ 4,702
Net income allocated to the Company	$ 3,354	$ 3,389

Rental income, net income and distributions remained relatively stable as compared to 2000 due to the stable occupancy. The Company's ownership interest in the Fund IX-X-XI-REIT Joint Venture decreased due to additional capital contributions made by Wells Fund X to the Joint Venture during the third quarter of 2000.

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

	Three Months Ended	
	March 31, 2001	March 31, 2000
Revenues:		
Rental income	$168,250	$168,250
Expenses:		
Depreciation	55,062	55,062
Management and leasing expenses	7,462	7,280
Other operating expenses, net of reimbursements	3,733	5,148
	66,257	67,490
Net income	$101,993	$100,760
Occupied percentage	100%	100%
Company's ownership percentage	3.71%	3.72%
Cash distributions to the Company	$ 5,650	$ 5,618
Net income allocated to the Company	$ 3,785	$ 3,749

Rental income, net income and cash distributions remained stable for 2001, as compared to 2000, due to the stable occupancy.

Cort Building/Wells/Orange County Joint Venture

	Three Months Ended	
	March 31, 2001	March 31, 2000
Revenues:		
Rental income	$199,586	$198,885
Expenses:		
Depreciation	46,641	46,641
Management and leasing expenses	8,107	7,590
Other operating expenses	11,085	11,171
	65,833	65,402
Net income	$133,753	$133,483
Occupied percentage	100%	100%
Company's ownership percentage	43.7%	43.7%
Cash distributions to the Company	$ 74,477	$ 74,665
Net income allocated to the Company	$ 58,406	$ 58,288

Rental income, expenses and net income remained stable in 2001, as compared to 2000.

Fairchild Building/Wells/Fremont Joint Venture

	Three Months Ended	
	March 31, 2001	March 31, 2000
Revenues:		
Rental income	$225,210	$225,195
Expenses:		
Depreciation	71,382	71,382
Management and leasing expenses	9,044	9,175
Other operating expenses	2,172	3,770
	82,598	84,327
Net income	$142,612	$140,868
Occupied percentage	100%	100%
Company's ownership percentage	77.5%	77.5%
Cash distributions to the Company	$164,512	$158,409
Net income allocated to the Company	$110,530	$109,178

Rental income, depreciation, and management and leasing expenses and net income remained stable in 2001, as compared to 2000.

PCW Building

	Three Months Ended	
	March 31, 2001	March 31, 2000
Revenues:		
Rental income	$552,298	$552,298
Expenses:		
Depreciation	206,037	206,037
Management and leasing expenses	39,447	38,945
Other operating expenses, net of reimbursements	(20,408)	(36,029)
	225,076	208,953
Net income	$327,222	$343,345
Occupied percentage	100%	100%
Company's ownership percentage	100%	100%
Cash generated to the Company	$494,157	$496,230
Net income generated to the Company	$327,222	$343,345

Other operating expenses were negative due to common area maintenance billings which includes management and leasing fee reimbursement. Tenants are billed an estimated amount for current year common area maintenance reimbursements which are reconciled the following year, and the difference is billed or credited to the tenants.

AT&T - Harrisburg Building

	Three Months Ended	
	March 31, 2001	March 31, 2000
Revenues:		
Rental income	$340,816	$340,832
Expenses:		
Depreciation	120,744	120,744
Management and leasing expenses	18,050	15,338
Other operating expenses	3,897	6,874
Interest expense	849	3,206
	143,540	146,162
Net income	$197,276	$194,670
Occupied percentage	100%	100%
Company's ownership percentage	100%	100%
Cash generated to the Company	$220,157	$324,414
Net income generated to the Company	$197,276	$194,670

Rental income, expenses and net income are relatively stable comparing 2001 to 2000. Cash generated to the Company decreased in 2001, as compared to 2000, due to the payoff of the Bank of America note related to this building during the first quarter of 2001.

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

	Three Months Ended	
	March 31, 2001	March 31, 2000
Revenues:		
Rental income	$ 140,089	$140,089
Interest income	8,659	0
	148,748	140,089
Expenses:		
Depreciation	49,901	49,901
Management and leasing expenses	5,721	5,721
Other operating expenses	12,951	9,840
	68,573	65,462
Net income	$ 80,175	$ 74,627
Occupied percentage	100%	100%
Company's ownership percentage	56.8%	56.8%
Cash distributions to the Company	$ 60,611	$ 56,928
Net income allocated to the Company	$ 45,510	$ 42,361

Rental income remained stable for 2001, as compared to 2000, due to the stable occupancy rate. Net income increased due to an increase in interest income in 2001 over 2000 due to establishing new interest bearing bank accounts. Total expenses increased for 2001 over 2000 due to an increase in operating costs which includes a charge for a property condition report not incurred in 2000. Cash distributions increased due to the increase in net income.

Sprint Building/Fund X-XII-REIT Joint Venture

	Three Months Ended	
	March 31, 2001	March 31, 2000
Revenues:		
Rental income	$265,997	$265,997
Expenses:		
Depreciation	81,779	81,779
Management and leasing expenses	11,239	11,239
Other operating expenses	2,351	6,324
	95,369	99,342
Net income	$170,628	$166,655
Occupied percentage	100%	100%
Company's ownership percentage	56.8%	56.8%
Cash distributions to the Company	$134,059	$131,801
Net income allocated to the Company	$ 96,854	$ 94,597

Rental income and cash distributions remained stable for 2001, as compared to 2000, while net income increased due to an offset for reimbursement received from a tenant for an expense incurred in the fourth quarter of 2000.

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

	Three Months Ended	
	March 31, 2001	March 31, 2000
Revenues:		
Rental income	$ 214,474	$ 214,474
Expenses:		
Depreciation	63,869	63,869
Management and leasing expenses	9,104	8,885
Other operating expenses	4,777	4,877
	77,750	77,631
Net income	$ 136,724	$ 136,843
Occupied percentage	100%	100%
Company's ownership percentage	56.8%	56.8%
Cash distributions to the Company	$ 106,959	$ 104,258
Net income allocated to the Company	$ 77,609	$ 77,675

Rental income, net income and cash distributions remained stable in 2001, as compared to 2000, due to the stable occupancy.

Gartner Building/Fund XI-XII-REIT Joint Venture

	Three Months Ended	
	March 31, 2001	March 31, 2000
Revenues:		
Rental income	$ 212,205	$ 204,241
Expenses:		
Depreciation	77,623	77,623
Management and leasing expenses	10,103	10,162
Other operating expenses	(2,271)	(15,311)
	85,455	72,474
Net income	$ 126,750	$ 131,767
Occupied percentage	100%	100%
Company's ownership percentage	56.8%	56.8%
Cash distributions to the Company	$ 109,622	$ 108,131
Net income allocated to the Company	$ 71,947	$ 74,795

Rental income increased for 2001, as compared to 2000, due to a straight line rent adjustment. Depreciation and management and leasing expenses remained stable while total expenses increased. Other operating expenses were negative due to an offset of tenant reimbursements in operating costs. Tenants are billed an estimated amount for the current year common area maintenance which is then reconciled the following year and the difference billed to the tenants.

Marconi Building

	Three Months Ended	
	March 31, 2001	March 31, 2000
Revenues:		
Rental income	$ 817,819	$ 817,819
Expenses:		
Depreciation	293,352	293,352
Management and leasing expenses	36,750	37,453
Other operating expenses	7,614	6,635
	337,716	337,440
Net income	$ 480,103	$ 480,379
Occupied percentage	100%	100%
Company's ownership percentage	100%	100%
Cash generated to the Company	$ 671,344	$ 671,165
Net income generated to the Company	$ 480,103	$ 480,379

Rental income, expenses, net income and cash generated to the Company remained stable in 2001, as compared to 2000.

Matsushita Building

	Three Months Ended	
	March 31, 2001	March 31, 2000
Revenues:		
Rental income	$ 531,508	$ 524,609
Expenses:		
Depreciation	258,144	254,757
Management and leasing expenses	49,493	44,103
Other operating expenses	30,826	17,315
	338,463	316,175
Net income	$ 193,045	$ 208,434
Occupied percentage	100%	100%
Company's ownership percentage	100%	100%
Cash generated to the Company	$ 455,593	$ 273,249
Net income generated to the Company	$ 193,045	$ 208,434

Rental income in 2001 remained relatively stable as compared to 2000. Expenses were greater in 2001 primarily due to increased expenditures in accounting, travel and administrative salaries. Cash generated to the Company increased in 2001, as compared to 2000, primarily due to the one time lease acquisition fee which was paid in the first quarter of 2000.

Cinemark Building

	Three Months Ended	
	March 31, 2001	March 31, 2000
Revenues:		
Rental income	$ 705,563	$ 701,604
Expenses:		
Depreciation	212,241	212,276
Management and leasing expenses	37,254	32,700
Other operating expenses, net of reimbursements	180,402	165,590
	429,897	410,566
Net income	$ 275,666	$ 291,038
Occupied percentage	100%	100%
Company's ownership percentage	100%	100%

Cash generated to the Company	$ 453,833	$ 455,916
Net income generated to the Company	$ 275,666	$ 291,038

Net income decreased in 2001, as compared to 2000, primarily due to increased utility costs at the property.

Metris Building

	Three Months Ended March 31, 2001	The Period from February 11, 2000 Through March 31, 2000
Revenues:		
Rental income	$309,275	$172,492
Expenses:		
Depreciation	120,633	77,130
Management and leasing expenses	19,211	7,373
Other operating expenses, net of reimbursements	7,287	2,916
	147,131	87,419
Net income	$162,144	$ 85,073
Occupied percentage	100%	100%
Company's ownership percentage	100%	100%
Cash generated to the Company	$272,151	$154,675
Net income generated to the Company	$162,144	$ 85,073

Revenue, expenses and cash generated to the Company increased during 2001, as the Metris Building was purchased in February of 2000.

Dial Building

	Three Months Ended March 31, 2001	The Period from March 29, 2000 Through March 31, 2000
Revenues:		
Rental income	$346,918	$11,191
Expenses:		
Depreciation	112,407	3,894
Management and leasing expenses	15,611	0
Other operating expenses, net of reimbursements	13,298	0
	141,316	3,894
Net income	$205,602	$ 7,297
Occupied percentage	100%	100%

Company's ownership percentage	100%	100%
Cash generated to the Company	$322,453	$11,191
Net income generated to the Company	$205,602	$ 7,297

Revenue, expenses, and cash generated to the Company increased during 2001, as the Dial Building was purchased in March of 2000.

ASML Building

	Three Months Ended March 31, 2001	The Period from March 29, 2000 Through March 31, 2000
Revenues:		
Rental income	$538,509	$15,547
Expenses:		
Depreciation	182,242	6,279
Management and leasing expenses	23,153	0
Other operating expenses, net of reimbursements	55,986	1,503
	261,381	7,782
Net income	$277,128	$ 7,765
Occupied percentage	100%	100%
Company's ownership percentage	100%	100%
Cash generated to the Company	$408,171	$14,044
Net income generated to the Company	$277,128	$ 7,765

Revenue, expenses, cash generated to the Company increased during 2001, as the ASML Building was purchased in March of 2000.

Motorola Arizona Building

	Three Months Ended March 31, 2001	The Period from March 29, 2000 Through March 31, 2000
Revenues:		
Rental income	$490,790	$14,870
Expenses:		
Depreciation	167,058	5,789
Management and leasing expenses	21,527	0
Other operating expenses, net of reimbursements	71,529	1,967
	260,114	7,756
Net income	$230,676	$ 7,114
Occupied percentage	100%	100%
Company's ownership percentage	100%	100%
Cash generated to the Company	$372,142	$12,903

Net income generated to the Company	$260,676	$ 7,114

Revenue, expenses, and cash generated to the Company increased in 2001, as the Motorola Building was purchased in March of 2000.

Siemens Building/Fund XII - REIT Joint Venture

	Three Months Ended March 31, 2001
Revenues:	
Rental income	$364,205
Interest income	5,566
	369,771
Expenses:	
Depreciation	160,326
Management and leasing expense	14,979
Other operating expenses	7,108
	182,413
Net income	$187,358
Occupied percentage	100%
Company's ownership percentage	46.85%
Cash distributions to the Company	$148,211
Net income allocated to the Company	$ 87,778

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

Avnet Building

	Three Months Ended March 31, 2001
Revenues:	
Rental income	$418,065
Expenses:	
Depreciation	138,228
Management and leasing expenses	17,685
Other operating expenses, net of reimbursements	64,313
	220,226
Net income	$197,839
Occupied percentage	100%
Company's ownership percentage	100%

Cash generated to the Company	$297,781
Net income generated to the Company	$197,839

Comparable income and expense information is not available for the three months ended March 31, 2000, as the Avnet Building was purchased in June of 2000,

Delphi Building

	Three Months Ended March 31, 2001
Revenues:	
Rental income	$515,424
Expenses:	
Depreciation	206,883
Management and leasing expenses	21,685
Other operating expenses	4,126
	232,694
Net income	$282,730
Occupied percentage	100%
Company's ownership percentage	100%
Cash generated to the Company	$456,082
Net income generated to the Company	$282,730

Comparable income and expense information is not available for the three months ended March 31, 2000, as the Delphi Building was purchased in June of 2000,

Quest Building/Fund VIII - IX - REIT Joint Venture

	Three Months Ended March 31, 2001
Revenues:	
Rental income	$267,385
Expenses:	
Depreciation	114,930
Management and leasing expenses	10,759
Other operating expenses	36,663
	162,352

Net income	$105,033
Occupied percentage	100%
Company's ownership percentage	15.7%
Cash generated to the Company	$ 39,536
Net income generated to the Company	$ 16,530

On June 15, 2000, the Fund VIII-IX-REIT Joint Venture was formed between Wells OP and Fund VIII and Fund IX Associates, a Georgia joint venture partnership between Wells Real Estate Fund VIII, L.P. and Wells Real Estate Fund IX, L.P. (the "Fund VII-IX Joint Venture"). On July 1, 2000, the Fund VIII-IX Joint Venture contributed its interest in the Quest Building (formerly the Bake Parkway Building) to the Fund VIII-IX-REIT Joint Venture. On August 1, 2000, Quest Software, Inc. commenced occupancy of the entire building.

Construction of tenant improvements required under the Quest lease cost approximately $1,231,000 and was funded by capital contributions made by the Company.

Alstom Power Richmond Building

	Three Months Ended March 31, 2001
Revenues:	
Rental income	$316,903
Expenses:	
Depreciation	154,662
Management and leasing expenses	48,985
Other operating expenses, net of reimbursements	1,428
	205,075
Net income	$111,828
Occupied percentage	100%
Company's ownership percentage	100%
Cash generated to the Company	$275,616
Net income generated to the Company	$111,828

Comparable income and expense information is not available for three months ended March 31, 2000, as the Alstom Power Building was completed in July of 2000.

Motorola - New Jersey Building

	Three Months Ended March 31, 2001
Revenues:	
Rental income	$ 860,280
Expenses:	
Depreciation	171,375
Management and leasing expenses	42,160
Other operating expenses, net of reimbursements	23,002
	236,537
Net income	$ 623,743
Occupied percentage	100%
Company's ownership percentage	100%
Cash generated to the Company	$ 779,046
Net income generated to the Company	$ 623,743

Comparable income and expense information is not available for the three months ended March 31, 2000, as the Motorola Building was purchased in November of 2000.

Metris Minnetonka Building

	Three Months Ended March 31, 2001
Revenues:	
Rental income	$1,366,234
Expenses:	
Depreciation	465,000
Management and leasing expenses	74,737
Other operating expenses, net of reimbursements	168,600
	708,337
Net income	$ 657,897
Occupied percentage	100%
Company's ownership percentage	100%
Cash generated to the Company	$1,044,765

Net income generated to the Company	$ 657,897

Comparable income and expense information is not available for the three months ended March 31, 200, as the Metris Minnetonka Building was purchased in December of 2000.

Stone & Webster Building

	Three Months Ended March 31, 2001
Revenues:	
Rental income	$1,750,839
Expenses:	
Depreciation	379,173
Management and leasing expenses	83,830
Other operating expenses, net of reimbursements	545,520
	1,008,523
Net income	$ 742,316
Occupied percentage	100%
Company's ownership percentage	100%
Cash generated to the Company	$1,036,494
Net income generated to the Company	$ 742,316

Comparable income and expense information is not available for the three months ended March 31, 200, as the Stone & Webster Building was purchased in December of 2000.

AT&T Oklahoma Buildings - Fund XII - REIT Joint Venture

	Three Months Ended March 31, 2001
Revenues:	
Rental income	$423,550
Expenses:	
Depreciation	140,267
Management and leasing expense	17,706
Other operating expenses	7,615
	165,588

Net income	$257,962
Occupied percentage	100%
Company's ownership percentage	46.85%
Cash distributions to the Company	$176,307
Net income allocated to the Company	$120,854

Since the AT&T Oklahoma Buildings were purchased in December 2000, comparable income and expense figures for the prior year are not available.

PART II. OTHER INFORMATION

ITEM 6 (b.) On February 9, 2001, the Registrant filed a Form 8-K/A dated December 21, 2000, providing required financial statements relating to the acquisition by the Registrant of interests in the Stone & Webster Building located in Houston, Texas and the Metris Minnetonka Building located in Minnetonka, Minnesota.

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 11, 2001 By: /s/ Leo F. Wells, III

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