SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 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

PART I. FINANCIAL INFORMATION

WELLS REAL ESTATE INVESTMENT TRUST, INC.

AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS

	June 30, 2001	December 31, 2000
ASSETS		
REAL ESTATE, at cost:		
Land	$ 47,256,748	$ 46,237,812
Building and improvements, less accumulated depreciation of $15,863,470 in 2001 and $9,469,653 in 2000	285,964,597	287,862,655
Construction in progress	7,143,876	3,357,720
Total real estate	340,365,221	337,458,187
INVESTMENT IN JOINT VENTURES (Note 2)	60,261,895	44,236,597
DUE FROM AFFILIATES	1,242,469	734,286
CASH AND CASH EQUIVALENTS	6,074,926	4,298,301
ACCOUNTS RECEIVABLE	4,661,279	3,356,428
DEFERRED LEASE ACQUISITION COSTS	1,738,658	1,890,332
DEFERRED PROJECT COSTS (Note 1)	3,849	550,256
DEFERRED OFFERING COSTS (Note 1)	731,574	1,291,376
PREPAID EXPENSES AND OTHER ASSETS	1,558,395	4,734,583
Total assets	$416,638,266	$398,550,346
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities:		
Accounts payable	$ 2,592,211	$ 2,166,387
Notes payable (Note 3)	10,298,850	127,663,187
Deferred rental income	95,418	381,194
Due to affiliates (Note 4)	1,508,539	1,772,956
Dividends payable	1,071,657	1,025,010
Total liabilities	15,566,675	133,008,734
COMMITMENTS AND CONTINGENCIES (Note 5)		
MINORITY INTEREST OF UNIT HOLDER IN OPERATING PARTNERSHIP	200,000	200,000
SHAREHOLDERS' EQUITY:		
Common shares, $.01 par value; 125,000,000 shares authorized, 47,770,468 shares issued and 47,489,415 outstanding at June 30, 2001, and 31,509,807 shares issued and 31,368,510 outstanding at December 31, 2000	477,704	315,097
Additional paid-in capital	403,204,416	266,439,484

Treasury stock, at cost, 281,053 shares at June 30, 2001, and 141,297 shares at December 31, 2000	(2,810,529)	(1,412,969)
Total shareholders' equity	400,871,591	265,341,612
Total liabilities and shareholders' equity	$416,638,266	$398,550,346

See accompanying condensed notes to financial statements.

WELLS REAL ESTATE INVESTMENT TRUST, INC.

AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF INCOME

	Three Months Ended		Six Months Ended	
	June 30, 2001	June 30, 2000	June 30, 2001	June 30, 2000
REVENUES:				
Rental income	$ 9,851,167	$4,741,141	$19,711,252	$7,892,403
Equity in income of joint ventures	809,481	567,421	1,519,194	1,049,182
Take out fee (Note 5)	137,500	0	137,500	0
Interest income	93,092	129,056	193,007	206,442
	10,891,240	5,437,618	21,560,953	9,148,027
EXPENSES:				
Operating costs, net of reimbursements	783,244	193,459	1,874,428	342,267
Management and leasing fees	552,188	304,094	1,117,902	537,864
Depreciation	3,206,638	1,749,065	6,393,817	2,929,323
Administrative costs	529,092	174,714	635,632	231,858
Legal and accounting	49,564	78,302	117,331	97,720
Computer costs	5,528	3,425	6,328	6,493
Amortization of deferred financing costs	77,142	63,524	291,899	86,127
Interest expense	648,946	1,350,014	2,809,373	1,704,066
	5,852,342	3,916,597	13,246,710	5,935,718
NET INCOME	$ 5,038,898	$1,521,021	$ 8,314,243	$3,212,309
BASIC AND DILUTED EARNINGS PER SHARE	$ 0.12	$ 0.08	$ 0.22	$ 0.19

See accompanying condensed notes to financial statements.

WELLS REAL ESTATE INVESTMENT TRUST, INC.

AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2000

AND FOR THE SIX MONTHS ENDED JUNE 30, 2001

Common Stock		Additional Paid-In	Retained	Treasury Stock		Total Shareholder's

	Shares	Amount	Capital	Earnings	Shares	Amount	Equity
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	16,260,661	162,607	162,444,002	0	0	0	162,606,609
Treasury stock purchased	0	0	0	0	(139,756)	(1,397,560)	(1,397,560)
Net income	0	0	0	8,314,243	0	0	8,314,243
Dividends ($.38 per share)	0	0	(5,527,938)	(8,314,243)	0	0	(13,842,181)
Sales commission	0	0	(15,314,860)	0	0	0	(15,314,860)
Other offering expenses	0	0	(4,836,272)	0	0	0	(4,836,272)
BALANCE, June 30, 2001	47,770,468	$477,704	$403,204,416	$ 0	(281,053)	$(2,810,529)	$400,871,591

See accompanying condensed notes to financial statements.

WELLS REAL ESTATE INVESTMENT TRUST, INC.

AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six Months Ended	
	June 30, 2001	June 30, 2000
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 8,314,243	$ 3,212,309
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	6,393,817	2,929,323
Amortization of deferred financing costs	291,899	86,127
Equity in income of joint venture	(1,519,194)	(1,049,182)
Changes in assets and liabilities:		
Accounts receivable	(1,304,851)	0
Deferred rental income	(285,776)	0
Accounts payable	425,824	413,435
Prepaid expenses and other assets, net	3,035,963	(3,615,200)
Due to affiliates	295,385	1,083,655
Net cash provided by operating activities	15,647,310	3,060,467
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investments in real estate	(3,784,088)	(100,790,679)
Investment in joint venture	(16,126,925)	(6,782,935)
Deferred project costs	(5,642,317)	(2,898,827)
Distributions received from joint ventures	1,784,599	1,319,662
Net cash used in investing activities	(23,768,731)	(109,152,779)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from note payable	21,398,850	66,170,746
Repayment of note payable	(138,763,187)	(24,357,450)
Dividends paid	(13,795,534)	(4,806,304)
Issuance of common stock	162,606,610	82,993,823
Sales commissions paid	(15,314,860)	(7,868,248)
Offering costs paid	(4,836,272)	(2,484,708)
Treasury stock purchased	(1,397,561)	(170,163)
Net cash provided by financing activities	9,898,046	109,477,696
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,776,625	3,385,384
CASH AND CASH EQUIVALENTS, beginning of year	4,298,301	2,929,804
CASH AND CASH EQUIVALENTS, end of period	$ 6,074,926	$ 6,315,188

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING ACTIVITIES:

Deferred project costs applied to Joint Ventures	$ 671,961	$ 282,625
Deferred project costs applied to Real Estate	$ 5,516,763	$ 2,547,762
Decrease in deferred offering cost accrual	$ (559,802)	$ (435,214)

See accompanying condensed notes to financial statements.

WELLS REAL ESTATE INVESTMENT TRUST, INC.

AND SUBSIDIARY

CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 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 June 30, 2001, the Company had received gross offering proceeds of approximately $170,293,567 from the sale of approximately 17,029,357 shares from its third public offering. As of June 30, 2001, the Company had received aggregate gross offering proceeds of approximately $477,704,679 from the sale of 47,770,468 shares of its common stock. After payment of $16,621,295 in Acquisition and Advisory Fees and Acquisition Expenses, payment of $59,361,769 in selling commissions and organization and offering expenses, and capital contributions and acquisition expenditures by Wells OP of $395,004,216 in property acquisitions and common stock redemptions of $2,810,530 pursuant to the Company's share repurchase program, the Company was holding net offering proceeds of $3,906,869 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, 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 June 30, 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 Wells Fund XII-REIT Joint Venture Partnership, (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, (xxix) a one-story and a two-story office building in Oklahoma City, Oklahoma (the "AT&T-Oklahoma Buildings"), which are owned by the Wells Fund XII-REIT Joint Venture Partnership, and (xxx) a three-story office building in Brentwood, Tennessee (the "Comdata Building"), which is owned by the Wells Fund XII-REIT Joint Venture.

(b) Deferred Project Costs

The Company pays a percentage of shareholder contributions to Wells Capital, Inc. (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 June 30, 2001, amounted to $16,621,295 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 June 30, 2001 and December 31, 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 June 30, 2001, the Advisor paid offering expenses on behalf of the Company in an aggregate amount of $14,246,824, 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 Advisor, a limited partner, does not receive 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. 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.

(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

As of June 30, 2001, the Company owned interests in 30 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.

The following describes additional information about the properties in which the Company owns an interest as of June 30, 2001.

The Comdata Building

On May 15, 2001, the Wells Fund XII-REIT Joint Venture Partnership ("Fund XII-REIT Joint Venture") acquired a three-story office building containing approximately 201,237 rentable square feet on a 12.3-acre tract of land located at 5301 Maryland Way, Williamson County, Brentwood, Tennessee (the "Comdata Building"). The Fund XII-REIT Joint Venture purchased the Comdata Building from the Northwestern Mutual Life Insurance Company ("Northwestern") pursuant to that certain Agreement for the Purchase and Sale of Property between Northwestern and the Advisor. The Advisor, the original purchaser under the agreement, assigned its rights under the agreement to the Fund XII-REIT Joint Venture at closing. The Fund XII-REIT Joint Venture paid a purchase price of $24,950,000 for the Comdata Building and incurred additional acquisition expenses in connection with the purchase of the Comdata Building, including attorneys' fees, recording fees and other closing costs, of approximately $52,019.

The entire 201,237 rentable square feet of the three-story office building is currently under a triple-net lease agreement with Comdata, a wholly owned subsidiary of Ceridian Corporation, a guarantor of the lease. The landlord's interest in the Comdata lease was assigned to the Fund XII-REIT Joint Venture at the closing. The Comdata lease commenced on April 1, 1997, and the current term expires on May 31, 2016. Comdata has the right to extend the Comdata lease for one additional five-year period of time at a rate equal to the greater of the base rent of the final year of the initial term or 90% of the then-current fair market rental rate.

The base rent payable for the current term of the Comdata lease is as follows:

Lease years(1)	Annual Rent	Annual Rent Per Square Foot
Year 1	$2,398,672	$11.92
Years 2-6	$2,458,638	$12.22
Years 7-11	$2,528,605	$12.52
Years 12-15	$2,578,572	$12.81

(1) Beginning in 2001.

Under the Comdata lease, Comdata is required to pay all operating expenses including but not limited to gas, water and electricity costs, garbage and waste disposal, telephone, janitorial service, security, insurance premiums, all taxes, assessments and other governmental levies and such other operating expenses with respect to Comdata Building. The Fund XII-REIT Joint Venture, as landlord, will be responsible for the repair and maintenance of the roof and structural systems of the Comdata Building.

For additional information regarding the Comdata Building, refer to Supplement No. 3 dated July 20, 2001, to the Prospectus of Wells Real Estate Investment Trust, Inc. dated December 20, 2000, which was filed with the Commission in Post-Effective Amendment No. 3 to the Form S-11 Registration Statement of Wells Real Estate Investment Trust, Inc. on July 23, 2001 (Commission File No. 333-44900).

SUMMARY OF OPERATIONS

The following information summarizes the operations of the unconsolidated joint ventures in which the Partnership had ownership interests as of June 30, 2001 and 2000, respectively.

	Total Revenues		Net Income		Partnership's Share of Net Income	
	Three Months Ended		Three Months Ended		Three Months Ended	
	June 30, 2001	June 30, 2000	June 30, 2001	June 30, 2000	June 30, 2001	June 30, 2000
Fund IX-X-XI-REIT Joint Venture	$ 1,087,746	$1,100,478	$ 734,418	$ 645,951	$ 27,258	$ 24,015
Cort Joint Venture	198,881	198,885	131,374	151,896	57,367	66,329
Fremont Joint Venture	225,178	225,195	135,990	141,796	105,398	109,897
Fund XI-XII-REIT Joint Venture	847,767	837,127	499,960	514,974	283,792	292,314
Fund XII-REIT Joint Venture	1,102,873	222,575	587,864	149,731	310,812	74,866
Fund VIII-IX-REIT Joint Venture	313,539	0	155,320	0	24,854	0
	$ 3,775,984	$2,584,260	$2,244,926	$1,604,348	$ 809,481	$ 567,421

	Total Revenues		Net Income		Partnership's Share of Net Income	
	Six Months Ended		Six Months Ended		Six Months Ended	
	June 30, 2001	June 30, 2000	June 30, 2001	June 30, 2000	June 30, 2001	June 30, 2000
Fund IX-X-XI-REIT Joint Venture	$ 2,181,096	$2,210,391	$1,372,853	$1,314,249	$ 50,954	$ 48,879
Cort Joint Venture	398,468	397,771	265,127	285,379	115,773	124,617
Fremont Joint Venture	450,356	450,390	278,602	282,664	215,928	219,076
Fund XI-XII-REIT Joint Venture	1,689,191	1,661,927	1,014,237	1,024,867	575,710	581,744
Fund XII-REIT Joint Venture	1,896,195	222,575	1,033,184	149,731	519,445	74,866
Fund VIII-IX-REIT Joint Venture	580,923	0	260,352	0	41,384	0
	$ 7,196,229	$4,943,054	$4,224,355	$3,056,890	$1,519,194	$1,049,182

3. NOTES PAYABLE

Notes payable consists of loans of (i) $2,298,850 due to Bank of America, N.A. secured by first mortgages against the ATT, Marconi, Matsushita, Motorola, NJ, Metris, MN, and Delphi Buildings, and (ii) $8,000,000 due to Richter-Schroeder Company, Inc. secured by a first mortgage against the Metris, OK 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 Rental Income Guaranty Agreement, which is explained in detail in the Company's Form 10-K for the year ended December 31, 2000. Aggregate payments of $601,963 have been made as of June 30, 2001 toward funding the obligation under the Matsushita Rental Income Guaranty Agreement.

5. 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 Take Out Purchase and Escrow Agreement or similar contract 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 is obligated to acquire, at Wells Exchange's cost ($839,694 in cash plus $832,060 of assumed debt for each 7.63358% interest of co-tenancy interest unsold), any unsold co-tenancy interests in the building known as the Ford Motor Credit Complex which remain unsold at the expiration of the offering of Wells Exchange on October 16, 2001, which is also the maturity date of the interim loan relating to such property. The Ford Motor Credit Complex consists of two connecting office buildings containing 167,438 rentable square feet located in Colorado Springs, Colorado currently under a triple-net lease with Ford Motor Credit Company, a wholly-owned subsidiary of Ford Motor Company, which is the world's largest automotive finance company with more than 10 million customers in 40 countries.

The obligations of Wells OP under the Take Out Purchase and Escrow Agreement are secured by reserving against Wells OP's existing line of credit with Bank of America, N.A. (the "Interim Lender"). If, for any reason, Wells OP fails to acquire any of the co-tenancy interests in the Ford Motor Credit Complex which remain unsold as of October 16, 2001, or there is otherwise an uncured default under the interim loan or the line of credit documents, the Interim Lender is authorized to draw down Wells OP's line of credit in the amount necessary to pay the outstanding balance of the interim loan in full, in which event the appropriate amount of co-tenancy interests in the Ford Motor Credit Complex would be deeded to Wells OP. Wells OP's maximum economic exposure in the transaction is $11,000,000, in which event Wells OP would acquire the Ford Motor Credit Complex for $11,000,000 in cash plus assumption of the first mortgage financing in the amount of $10,900,000. If some, but not all, of the co-tenancy interests are sold, Wells OP's exposure would be less, and it would own an interest in the property in co-tenancy with the 1031 Participants who had previously acquired co-tenancy interests in the Ford Motor Credit Complex from Wells Exchange.

For further information regarding the Wells Section 1031 Program, refer to Supplement No. 2 dated April 25, 2001 to the Prospectus of Wells Real Estate Investment Trust, Inc. dated December 20, 2000, which was filed with the Commission in Post-Effective Amendment No. 2 to the Form S-11 Registration Statement of Wells Real Estate Investment Trust, Inc. on April 25, 2001 (Commission File No. 333-44900).

6. SUBSEQUENT EVENT

The Fund XIII-REIT Joint Venture

On June 27, 2001, Wells OP and Wells Real Estate Fund XIII, L.P. ("Wells Fund XIII") entered into a Joint Venture Partnership Agreement for the purpose of acquiring, owning, leasing, operating and managing real properties. The joint venture partnership is known as the Wells Fund XIII-REIT Joint Venture (the "Fund XIII-REIT Joint Venture").

The AmeriCredit Building

On July 16, 2001, the Fund XIII-REIT Joint Venture acquired a two-story office building containing approximately 85,000 rentable square feet on a 12.33-acre tract of land located in Clay County, Florida (the "AmeriCredit Building") from Adevco Contact Centers Jacksonville, L.L.C. pursuant to that certain Agreement for Purchase and Sale of Property between Adevco and Wells Capital, Inc., the Advisor. The rights under the agreement were assigned by Wells Capital, Inc., the original purchaser under the agreement, to the Fund XIII-REIT Joint Venture at closing. The purchase price paid for the AmeriCredit Building was $12,500,000, excluding acquisition expenses.

The entire 85,000 rentable square feet of the AmeriCredit Building is currently under a triple-net lease agreement with AmeriCredit dated November 20, 2000. The landlord's interest in the AmeriCredit lease was assigned to the Fund XIII-REIT Joint Venture at the closing. The initial term of the AmeriCredit lease is 10 years, which commenced June 2001 and expires in May 2011. AmeriCredit has the right to extend the AmeriCredit lease for two additional five-year periods of time.

For additional information regarding the acquisition of the AmeriCredit Building, refer to Supplement No. 3 dated July 20, 2001, to the Prospectus of Wells Real Estate Investment Trust, Inc. dated December 20, 2000, which was filed with the Commission in Post-Effective Amendment No. 3 to the Form S-11 Registration Statement of Wells Real Estate Investment Trust, Inc. on July 23, 2001 (Commission File No. 333-44900).

The State Street Building

On July 30, 2001, Wells OP purchased a seven-story office building with approximately 234,668 rentable square feet located on an 11.22 acre tract of land at 1200 Crown Colony Drive, Norfolk County, Quincy, Massachusetts (the "State Street Building"). Wells OP purchased this building from Crownview, LLC pursuant to that certain Agreement of Purchase and Sale of Property between Crownview and Wells OP. Crownview is not in any way affiliated with the Company or Wells Capital, Inc., our Advisor. The purchase price for the State Street Building was $49,563,000, excluding closing costs. The entire 234,668 rentable square feet of the State Street Building is currently under a lease agreement with SSB Realty. The landlord's interest in the SSB Realty Lease was assigned to Wells OP at the closing. The current term of the lease is 10 years, which commenced on February 1, 2001, and expires on March 31, 2011. SSB Realty has the right to extend the term of this lease for one additional five-year period at the then-current fair market rental rate. In

addition, the base operating costs and the base taxes will be adjusted to reflect the actual operating costs and taxes for the preceding calendar year.

Pursuant to the SSB Realty lease, SSB Realty is required to pay its proportionate share of taxes relating to the SSB Building and all operating costs incurred by the landlord in maintaining and operating the SSB Building. Wells OP, as the landlord, will be responsible for maintaining the common areas of the building, the roof, foundation, exterior walls and windows, load bearing items and the central heating, ventilation and air conditioning, electrical, mechanical and plumbing systems of the building.

For additional information regarding the acquisition of the State Street Building, refer to Supplement No. 4 dated August 10, 2001, to the Prospectus of Wells Real Estate Investment Trust, Inc. dated December 20, 2000, which was filed with the Commission on August 13, 2001 (Commission File No. 333-44900).

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 June 30, 2001, the Company raised an additional $342,993,829 in offering proceeds through the sale of an additional 34,299,383 shares. Accordingly, as of June 30, 2001, the Company had raised a total of $477,704,679 in offering proceeds through the sale of 47,770,468 shares of common stock. As of June 30, 2001, the Company had paid a total of $16,621,295 in Acquisition and Advisory Fees and Acquisition Expenses, had paid a total of $59,361,769 in selling commissions and organizational offering expenses, had made capital contributions of $395,004,216 to Wells OP for investments in joint ventures and acquisitions of real property, had utilized $2,810,530 for the retirement of stock pursuant to the Company's share

redemption program, and was holding net offering proceeds of $3,906,869 available for investment and additional properties.

Cash and cash equivalents at June 30, 2001 and 2000 were $6,074,926 and $4,298,301, 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.

For a description of the Company's commitment and contingent liability as a result of the Take Out Purchase and Escrow Agreement relating to the Ford Motor Credit Complex, refer to Footnote 5 of the Condensed Notes to Financial Statements included herein.

As of June 30, 2001, the Company had acquired interests in 30 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 second quarter of 2001 and the second quarter of 2000 totaled $0.188 per share each, 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 $15,647,310 for the six months ended June 30, 2001 and $3,060,467 for the six months ended June 30, 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 six months ended June 30, 2001.

Cash Flows from Investing Activities

Net cash used in investing activities decreased from $109,152,779 for the six months ended June 30, 2000 compared to $23,768,731 for the six months ended June 30, 2001 primarily due to acquiring fewer properties during the first quarter and second 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 $109,477,696 for the six months ended June 30, 2000 to $9,898,046 for the six months ended June 30, 2001 primarily due to repayments of notes payable, and was partially offset by raising additional capital. The Company raised $162,606,610 in offering proceeds for the six months ended June 30, 2001, as compared to $82,993,823 for the six months ended June 30, 2000. In addition, the Company received loan proceeds from financings of $21,398,850 and repaid notes payable in the amount of $138,763,187 during the first and second quarters of 2001.

Results of Operations

As of June 30, 2001, the properties owned by the Company were 100% occupied. Gross revenues for the six months ended June 30, 2001, as compared to the six months ended June 30, 2000, increased to $21,423,453 from $9,148,027, respectively, primarily as a result of additional rental revenues and equity in income of joint ventures generated from properties acquired during the prior twelve months. 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. Net income increased to $8,314,243 for 2001 as compared to $3,212,309 for 2000. As a result, net income per share increased to $0.12 per share for the quarter ended June 30, 2001, from $0.08 per share for the quarter ended June 30, 2000, and to $0.22 per share for the six months ended June 30, 2001, from $0.19 per share for the six months ended June 30, 2000.

Net income decreased for the Cort Joint Venture for the three and six months ended June 30, 2001, as compared to the same periods in 2000, primarily due to variances in insurance reimbursements.

Funds from Operations

Funds from Operations, as defined by the National Association of Real Estate Investment Trusts, means generally 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 Funds from Operations is helpful to investors as a measure of the performance of an equity REIT. Funds from Operations does not represent cash generated from operating activities in accordance with GAAP and should not be considered as an alternative 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 Funds from Operations and Adjusted Funds from Operations for the three and six months ended June 30, 2001 and 2000, respectively:

	Three Months Ended		Six Months Ended	
	June 30, 2001	June 30, 2000	June 30, 2001	June 30, 2000
FROM OPERATIONS:				
Net income	$ 5,038,898	$ 1,521,021	$ 8,314,243	$ 3,212,309
Add:				
Depreciation and amortization	3,282,475	1,835,186	6,545,490	3,097,207
Depreciation and amortization - unconsolidated partnerships	504,711	298,499	913,674	544,297
Funds from operations (FFO)	8,826,084	3,654,706	15,773,407	6,853,813
Adjustments:				
Loan cost amortization	77,142	63,524	291,899	86,127
Straight line rent	(613,155)	(382,611)	(1,222,716)	(663,566)
Straight line rent - unconsolidated partnerships	(71,768)	(48,293)	(132,246)	(112,800)
Lease acquisition fees paid	0	0	0	(152,500)
Lease acquisition fees paid- unconsolidated partnerships	(7,826)	0	(7,826)	(7,899)
Adjusted funds from operations	$ 8,210,477	$ 3,287,326	$14,702,518	$ 6,003,175
WEIGHTED AVERAGE SHARES: BASIC AND DILUTED	42,192,347	18,616,499	38,328,405	16,894,698

PART II. OTHER INFORMATION

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

(a) On June 27, 2001, the Registrant held its annual meeting of shareholders at The Atlanta Athletic Club in Duluth, Georgia.

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

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

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

Name	Votes For	Votes Withheld
Leo F. Wells, III	19,757,045	57,924
Douglas P. Williams	19,755,204	59,765
John L. Bell	17,642,450	2,172,519
Richard W. Carpenter	17,642,450	2,172,519
Bud Carter	19,756,695	58,274
William H. Keogler, Jr.	17,628,143	2,186,826
Donald S. Moss	19,757,445	57,524
Walter W. Sessoms	19,752,385	62,584
Neil H. Strickland	17,642,450	2,172,519

(2) Arthur Andersen LLP was ratified as the Registrant's independent auditors for the fiscal year ending December 31, 2001. 19,541,175 shares voted for and 273,794 shares withheld their votes with respect to the ratification of our independent auditors.

ITEM 6(b.) The Registrant filed no reports on Form 8-K during the second quarter of 2001.

SIGNATURES

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

WELLS REAL ESTATE INVESTMENT TRUST, INC.
(Registrant)

Dated: August 13, 2001 By: /s/ Leo F. Wells, III

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