

WELLS REAL ESTATE INVESTMENT TRUST II INC  
Form S-11  
July 09, 2007  
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AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON JULY 9, 2007

Registration No. 333-

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# SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

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## FORM S-11

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

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# Wells Real Estate Investment Trust II, Inc.

(Exact name of registrant as specified in its charter)

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6200 The Corners Parkway

Norcross, Georgia 30092

(770) 449-7800

(Address, including zip code, and telephone number, including area code, of the registrant's principal executive offices)

Leo F. Wells, III

President

Wells Real Estate Investment Trust II, Inc.

6200 The Corners Parkway

Norcross, Georgia 30092

(770) 449-7800

(Name, address, including zip code and telephone number, including area code, of agent for service)

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**Copies to:**

**Robert H. Bergdolt, Esq.**

**DLA Piper US LLP**

**4141 Parklake Avenue, Suite 300**

**Raleigh, North Carolina 27612-2350**

**(919) 786-2000**

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**Approximate date of commencement of proposed sale to public:** As soon as practicable after the effectiveness of the registration statement.

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act of 1933, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration number of the earlier effective registration statement for the same offering. "

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration number of the earlier effective registration statement for the same offering. "

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. "

## CALCULATION OF REGISTRATION FEE

Title of Shares to Be Registered	Amount to Be Registered	Proposed Maximum Offering Price Per Share(1)	Proposed Maximum Aggregate Offering Price(1)	Amount of Registration Fee
Common Stock, \$0.01 par value per share (2)	300,000,000	\$ 10.00	\$ 3,000,000,000	\$ 92,100
Common Stock, \$0.01 par value per share (3)	75,000,000	\$ 9.55	\$ 716,250,000	\$ 21,989

- (1) Estimated solely for the purpose of determining the registration fee pursuant to Rule 457.  
(2) Represents shares issuable pursuant to the registrant's primary offering.  
(3) Represents shares issuable pursuant to the registrant's dividend reinvestment plan.

**The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until this Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.**

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**The information in this prospectus is not complete and may be changed. We may not sell these securities pursuant to this prospectus until the registration statement filed with the SEC is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.**

**SUBJECT TO COMPLETION**

**PRELIMINARY PROSPECTUS DATED JULY 9, 2007**

# **WELLS REAL ESTATE INVESTMENT TRUST II, INC.**

## **375,000,000 Shares of Common Stock**

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Wells Real Estate Investment Trust II, Inc. buys, owns and operates commercial real estate consisting primarily of high-quality, income-generating office and industrial properties leased to creditworthy companies and governmental entities. As of May 11, 2007, we owned interests in 49 office properties, one industrial building and one hotel, comprising approximately 15.2 million square feet of commercial space located in 18 states and the District of Columbia. We were incorporated in the State of Maryland in July 2003 and, beginning with our first year of operations ended December 31, 2003, we have elected to be taxed as a REIT.

We are offering up to 300,000,000 shares of common stock in our primary offering for \$10 per share, with volume discounts available to investors who purchase more than 50,000 shares at any one time. Discounts are also available for other categories of purchasers and may be available from participating broker-dealers to the extent they may waive a portion of their selling commissions. We are also offering up to 75,000,000 shares pursuant to our dividend reinvestment plan at a purchase price equal to the higher of \$9.55 per share or 95% of the estimated value of a share of our common stock.

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See **Risk Factors** beginning on page 22 to read about risks you should consider before buying shares of our common stock. These risks include the following:

No public market currently exists for our shares of common stock, and we have no current plans to list our shares on an exchange. If you are able to sell your shares, you would likely have to sell them at a substantial discount from their public offering price.

We will pay substantial fees and expenses to our advisor, its affiliates and participating broker-dealers, which payments increase the risk that you will not earn a profit on your investment.

While we are investing the proceeds of this offering, continuing high demand for the type of properties we desire to acquire may cause our dividend and the long-term returns of our investors to be lower than they otherwise would.

We are dependent upon our advisor and its affiliates to conduct our operations and this offering; thus, adverse changes in their financial health or our relationship with them could cause our operations to suffer.

If we raise substantial offering proceeds in a short period of time, we may not be able to invest all of the net offering proceeds promptly, which may cause our dividend and the long-term returns of our investors to be lower than they otherwise would.

Our advisor and its affiliates will face conflicts of interest, including significant conflicts created by our advisor's compensation arrangements with us and other Wells-sponsored programs.

Our failure to qualify as a REIT for federal income tax purposes would reduce the amount of income we have available for distribution and limit our ability to make distributions to our stockholders.

Neither the SEC, the Attorney General of the State of New York nor any other state securities regulator has approved or disapproved of our common stock, determined if this prospectus is truthful or complete or passed on or endorsed the merits of this offering. Any representation to the contrary is a criminal offense.

This investment involves a high degree of risk. You should purchase these securities only if you can afford a complete loss of your investment. The use of projections or forecasts in this offering is prohibited. No one is permitted to make any oral or written predictions about the cash benefits or tax consequences you will receive from your investment.

	Price to Public	Selling Commissions	Dealer Manager Fee	Net Proceeds (Before Expenses)
Primary Offering				
Per Share	\$ 10.00	\$ 0.70*	\$ 0.25*	\$ 9.05
Total Maximum	\$ 3,000,000,000	\$ 210,000,000	\$ 75,000,000	\$ 2,715,000,000
Dividend Reinvestment Plan				
Per Share	\$ 9.55	\$	\$	\$ 9.55
Total Maximum	\$ 716,250,000	\$	\$	\$ 716,250,000

\* The selling commissions and all or a portion of the dealer manager fee will not be charged with regard to shares sold to or for the account of certain categories of purchasers. The reduction in these fees will be accompanied by a corresponding reduction in the per share purchase price.

The dealer manager of this offering, Wells Investment Securities, Inc., who is our affiliate, is not required to sell any specific number or dollar amount of shares but will use its best efforts to sell the shares offered. The minimum permitted purchase is generally \$1,000. We expect to sell the 300,000,000 primary offering shares by \_\_\_\_\_, 2009. If we extend the primary offering beyond \_\_\_\_\_, 2009, we will supplement this prospectus accordingly. We may continue to offer the 75,000,000 dividend reinvestment plan shares beyond this date until we have sold all of these shares through the reinvestment of dividends. In some states, we may not be able to continue the offering without renewing the registration statement or filing a new registration statement. We may terminate this offering at any time.

\_\_\_\_\_, 2007

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**SUITABILITY STANDARDS**

The shares we are offering are suitable only as a long-term investment. Because there is no public market for the shares, an investment in our shares is considered illiquid and you will have difficulty selling your shares. In consideration of these factors, we require initial stockholders and subsequent purchasers to have either:

a net worth of at least \$250,000; or

gross annual income of at least \$70,000 and a net worth of at least \$70,000.

For purposes of determining suitability of an investor, net worth in all cases should be calculated excluding the value of an investor's home, home furnishings and automobiles. In the case of sales to fiduciary accounts, these suitability standards must be met by the fiduciary account, by the person who directly or indirectly supplied the funds for the purchase of the shares if such person is the fiduciary or by the beneficiary of the account.

Our advisor, those selling shares on our behalf and broker-dealers recommending the purchase of shares in this offering must make every reasonable effort to determine that the purchase of shares in this offering is a suitable and appropriate investment for each stockholder based on information provided by the stockholder regarding the stockholder's financial situation and investment objectives. See Plan of Distribution Suitability Standards for a detailed discussion of the determinations regarding suitability that we require of all those selling shares on our behalf.

**For Kansas Residents**

It is recommended by the office of the Kansas Securities Commissioner that Kansas investors not invest, in the aggregate, more than 10% of their liquid net worth in this and similar direct participation investments. Liquid net worth is defined as that portion of net worth that consists of cash, cash equivalents and readily marketable securities.

**For Kentucky Residents**

Shares will only be sold to residents of the State of Kentucky representing that have a liquid net worth of at least 10 times their investment in us and other direct participation programs and that they meet one of the above suitability standards.

**For Michigan Residents**

Shares will only be sold to residents of the State of Michigan representing that they have a net worth of at least 10 times their investment in us and that they meet one of the above suitability standards.

**For Ohio Residents**

Shares will only be sold to residents of the State of Ohio representing that they have a net worth of at least 10 times their investment in us and our affiliates and that they meet one of the above suitability standards.

**For Pennsylvania Residents**

Pennsylvania investors must have a net worth of at least 10 times their investment in us.

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**If we raise substantial offering proceeds in a short period of time, we may not be able to invest all of the net offering proceeds promptly, which may cause our dividends and your investment returns to be lower than they otherwise would.** 23

**We have not yet identified the properties that we will purchase with the proceeds of this offering, which makes your investment more speculative.** 23

**If we are unable to raise substantial funds, we will be limited in the number and type of investments we may make, and the value of your investment in us will fluctuate with the performance of a smaller portion of our portfolio.** 23

**We may be unable to pay or maintain cash distributions or increase distributions over time, and, until we have invested the proceeds of this offering and our properties are generating sufficient cash flow, we may have difficulty funding our distributions solely from cash flow from operations, which could reduce the funds we have available for investment and your overall return.** 24

**Our loss of or inability to obtain key personnel could delay or hinder implementation of our investment strategies, which could limit our ability to make distributions and decrease the value of your investment.** 24

**Our operating performance could suffer if Wells Capital or its affiliates incur significant losses, including those losses that may result from litigation or from being the general partner of other entities.** 25

**Our rights and the rights of our stockholders to recover claims against our independent directors are limited, which could reduce your and our recovery against them if they negligently cause us to incur losses.** 25

**Risks Related to Conflicts of Interest** 26

**Wells Capital and possibly Wells Management will face conflicts of interest relating to the purchase and leasing of properties, and such conflicts may not be resolved in our favor, i.e., our advisor may offer us less attractive investment opportunities or we may lease to less attractive tenants, lowering your overall return.** 26

**Wells Capital will face conflicts of interest relating to joint ventures that we may form with affiliates of Wells Capital, which conflicts could result in a disproportionate benefit to the other venture partners at our expense.** 26

**Wells Capital, its affiliates and our officers will face competing demands on their time, and this may cause our operations and your investment to suffer.** 26

**Our officers and some of our directors face conflicts of interest related to the positions they hold with Wells Capital and its affiliates, which could hinder our ability to successfully implement our business strategy and to generate returns to you.** 27

**Wells Capital and its affiliates, including our officers and some of our directors, will face conflicts of interest caused by compensation arrangements with us and other Wells-sponsored programs, which could result in actions that are not in the long-term best interest of our stockholders.** 27

**Our board's loyalties to Institutional REIT and possibly to future Wells-sponsored programs could influence its judgment, resulting in actions that are not in our stockholders' best interest or that result in a disproportionate benefit to another Wells-sponsored program at our expense.** 28

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