

Wells Timberland REIT, Inc.
Form PRE 14A
May 14, 2010

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

SCHEDULE 14A

(RULE 14A-101)

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to Rule 14a-12

WELLS TIMBERLAND REIT, INC.

(Name of Registrant as Specified in its Charter)

Payment of Filing Fee (Check the appropriate box):

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(1) Amount previously paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

WELLS TIMBERLAND REIT, INC.

6200 The Corners Parkway

Norcross, Georgia 30092-3365

Proxy Statement and

Notice of Annual Meeting of Stockholders

To Be Held August 9, 2010

Dear Stockholder:

On Monday, August 9, 2010, we will hold our 2010 annual meeting of stockholders of Wells Timberland REIT, Inc., a Maryland corporation, at the Hilton Atlanta Northeast, 5993 Peachtree Industrial Boulevard, Norcross, Georgia 30092. The meeting will begin at 2:00 p.m., local time.

We are holding this meeting to:

1. Consider and vote upon a proposal to elect the six directors named in this proxy statement to hold office for one-year terms expiring in 2011 and until their respective successors are duly elected and qualify;
2. Consider and vote upon a proposal to approve a proposed fifth amendment and restatement of our charter; and

3. Transact any other business that may properly come before the meeting or any adjournment or postponement thereof. Your board of directors has selected the close of business on May 14, 2010 as the record date for determining stockholders entitled to notice of and to vote at the meeting.

This notice and the accompanying proxy statement and proxy card are being mailed to you on or about [], 2010.

Whether you plan to attend the meeting and vote in person or not, we urge you to authorize your proxy as early as possible. Stockholders have the following three options for authorizing a proxy: (1) over the Internet; (2) by telephone; or (3) by mail, using the enclosed proxy card. Because we are a widely held issuer with more than [] stockholders as of the close of business on the record date, your vote is very important! Your immediate response will help avoid potential delays and may save us significant additional expenses associated with soliciting stockholder votes.

By Order of the Board of Directors

Douglas P. Williams
Secretary

Atlanta, Georgia

[], 2010

Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting to Be Held

on August 9, 2010

The proxy statement and annual report to stockholders are available at www.WellsTimberland.com/proxy.

QUESTIONS AND ANSWERS

We are providing you with this proxy statement, which contains information about the items to be voted on at our 2010 annual stockholders meeting (the annual meeting). To make this information easier to understand, we have presented some of the information in a question-and-answer format.

Q: Why did you send me this proxy statement?

A: We are sending you this proxy statement and the enclosed proxy card because our board of directors is soliciting your proxy to vote your shares at the 2010 annual stockholders meeting. This proxy statement includes information that we are required to provide to you under the rules of the Securities and Exchange Commission (SEC) and is designed to assist you in voting.

Q: What is a proxy?

A: A proxy is a person who votes the shares of stock of another person. The term proxy also refers to the proxy card. When you return the enclosed proxy card, you are giving your permission to vote your shares of common stock at the annual meeting. The individuals who will vote your shares of common stock at the annual meeting are Leo F. Wells III, our President; Douglas P. Williams, our Executive Vice President, Secretary and Treasurer; or Randall D. Fretz, our Senior Vice President. They will vote your shares of common stock as you instruct, unless you return the proxy card and give no instructions. In this case, they will vote FOR all of the director nominees and FOR the proposal to amend and restate our charter. With respect to any other proposals to be voted on, they will vote in accordance with the recommendation of our board of directors or, in the absence of such a recommendation, in their discretion. They will not vote your shares of common stock if you do not return the enclosed proxy card. This is why it is important for you to return the proxy card to us (or authorize your proxy via Internet or by telephone) as soon as possible, whether or not you plan on attending the meeting in person.

Q: Who is entitled to vote?

A: Anyone who owned our common stock at the close of business on May 14, 2010, the record date, is entitled to vote at the annual meeting.

Q: When is the annual meeting and where will it be held?

A: The annual meeting will be held on Monday, August 9, 2010, at 2:00 p.m. at the Hilton Atlanta Northeast, 5993 Peachtree Industrial Boulevard, Norcross, Georgia 30092.

Q: How many shares of common stock can vote?

A: As of the close of business on May 14, 2010, there were [] shares of our common stock issued and outstanding. Every stockholder is entitled to one vote for each whole share of common stock held.

Q: What is a quorum ?

A: A quorum consists of the presence in person or by proxy of stockholders holding 50% of our outstanding shares entitled to vote. Abstentions and broker nonvotes will be counted to determine whether a quorum is present. A broker nonvote occurs when a broker, bank, or other nominee holding shares for a beneficial owner does not vote on a particular proposal because the nominee does not have discretionary voting power with respect to that matter and has not received voting instructions from the beneficial owner. There must be a quorum present in order for the annual meeting to be a duly held meeting at which business can be conducted. If you submit a properly executed proxy card, even if you abstain from voting or withhold your vote from one or more director nominees, then you will be considered part of the quorum.

Q: What may I vote on?

A: You may vote on the election of six nominees named in this proxy statement to serve on the board of directors, the proposal to amend and restate our charter and any other proposal that may properly come before the meeting or any adjournment or postponement thereof.

Q: How do I vote?

A: You may vote your shares of common stock either in person or by authorizing a proxy. Whether you plan to attend the meeting and vote in person or not, we urge you to authorize your proxy in advance of the meeting. **Stockholders have the following three options for authorizing a proxy: (1) over the Internet; (2) by telephone; or (3) by mail, using the enclosed proxy card.** If you have Internet access, we encourage you to authorize your proxy on the Internet because it is convenient and it saves us significant postage and processing costs. In addition, when you authorize your proxy via the Internet or by phone prior to the meeting date, your proxy vote is recorded immediately and there is no risk that postal delays will cause your proxy vote to arrive late and, therefore, not be counted. For further instructions on authorizing a proxy, see the enclosed proxy card accompanying this proxy statement. If you attend the annual meeting, you also may submit your vote in person, and any previous proxies that you authorized, whether by Internet, phone, or mail, will be superseded by the vote that you cast at the annual meeting. If you return your signed proxy card but do not mark the boxes showing how you wish to vote, your shares of common stock will be voted (i) FOR each of the nominees for director, (ii) FOR the proposal to amend and restate our charter and (iii) with respect to any other proposals that may properly come before the meeting, in accordance with the recommendation of the board of directors or, in the absence of such a recommendation, in the discretion of Messrs. Wells, Williams, or Fretz.

Q: What if I authorize a proxy and then change my mind?

A: You have the right to revoke your proxy at any time before the meeting by:

- (1) notifying Douglas P. Williams, our Secretary;
- (2) attending the meeting and voting in person;
- (3) returning another properly executed proxy card dated after your first proxy card if we receive it before the annual meeting date; or
- (4) reauthorizing your proxy on the proxy voting web site or by telephone. Only the most recent proxy vote will be counted, and all others will be discarded regardless of the method by which the proxy was authorized.

Q: Will my vote make a difference?

A: Yes. As discussed below, your vote could affect the composition of our board of directors. Moreover, your presence by proxy or in person is needed to ensure that the proposals can be acted upon. Because we are a widely held issuer with more than [] stockholders as of the close of business on the record date, **YOUR VOTE IS VERY IMPORTANT! Your immediate response will help avoid potential delays and may save us significant additional expenses associated with soliciting stockholder votes.**

Q: How does the board of directors recommend I vote on the proposals?

A: The board of directors recommends a vote FOR each of the six nominees named in this proxy statement for election as director and a vote FOR the proposal to amend and restate our charter.

Q: What are the voting requirements to elect the board of directors?

A: Under our charter and bylaws, the holders of a majority of the shares of stock entitled to vote and present in person or by proxy at a meeting of stockholders is required for the election of the directors. Withhold votes will have the same effect as votes against the election of the directors. Please see Proposal 1. Election of Directors.

Q: What are the voting requirements to approve the proposal to amend and restate the charter?

A: Approval of the proposal to amend and restate our charter requires the affirmative vote of the holders of at least a majority of our outstanding shares of common stock entitled to vote on the proposal. You may vote for or against or abstain from voting on the proposal to amend and restate our charter. Abstentions and broker nonvotes will have the same effect as votes against the proposal to amend and restate our charter. Proxies received will be voted FOR the proposal to amend and restate our charter unless stockholders designate otherwise. Please see Proposal 2. Amendment and Restatement of Our Charter.

Q: How will voting on any other business be conducted?

A: Although we do not know of any business to be considered at the annual meeting other than the election of directors and the proposal to amend and restate our charter, if any other business is properly presented at the annual meeting, your signed proxy card gives authority to Leo F. Wells III, Douglas P. Williams and Randall D. Fretz, and each of them, to vote on such matters in accordance with the recommendation of the board of directors or, in the absence of such a recommendation, in their discretion.

Q: When are stockholder proposals for the next annual meeting of stockholders due?

A: Stockholders interested in nominating a person as a director or presenting any other business for consideration at our 2011 annual meeting of stockholders may do so by following the procedures prescribed in Article II, Section 11 of our bylaws and in SEC Rule 14a-8 of the Securities Exchange Act of 1934, as amended (the Exchange Act). To be eligible for presentation to and action by the stockholders at the 2011 annual meeting, director nominations and other stockholder proposals must be received by Douglas P. Williams, our Secretary, no earlier than [] and no later than 5:00 pm ET on []. To also be eligible for inclusion in our proxy statement for the 2011 annual meeting of stockholders, stockholder proposals must be received by Mr. Williams by [].

Q: Who pays the cost of this proxy solicitation?

A: We will pay all the costs of soliciting these proxies. We have contracted with Georgeson, Inc., a Delaware corporation, d/b/a Computershare Fund Services (CFS), to assist us in the distribution of proxy materials and the solicitation of proxies. We expect to pay CFS fees of approximately \$35,000 to solicit proxies plus other fees and expenses for other services related to this proxy solicitation, which include review of proxy materials; dissemination of brokers search cards; distribution of proxy materials; operating online and telephone voting systems; and receipt of executed proxies. We also will reimburse brokerage houses and other custodians, nominees, and fiduciaries for their reasonable out-of-pocket expenses for forwarding proxy and solicitation materials to our stockholders. Our officers and employees of our advisor or its affiliates may also solicit proxies, but they will not be specifically compensated for these services.

Q: Is this proxy statement the only way that proxies are being solicited?

A: No. In addition to mailing proxy solicitation materials, our directors and employees, as well as third-party proxy service companies we retain, also may solicit proxies in person, over the Internet, by telephone, or by any other means of communication we deem appropriate.

Q: If I share my residence with another stockholder, how many copies of the annual report and proxy statement should I receive?

A: In accordance with a notice previously sent to our stockholders, we are sending only a single set of the annual report and proxy statement to any household at which two or more stockholders reside if they share the same last name or we reasonably believe they are members of the same family, unless we have received instructions to the contrary from any stockholder at that address. This practice is known as householding and is permitted by rules adopted by the SEC. This practice reduces the volume of duplicate information received at your household and helps us reduce costs. Each stockholder will continue to receive a separate proxy card or voting instruction card. We will deliver promptly, upon written or oral request, a separate copy of the annual report or proxy statement, as applicable, to a stockholder at a shared address to which a single copy of the documents was previously delivered. If you received a single set of these documents for your household for this year, but you would prefer to receive your own copy, you may direct requests for separate copies to the following

address: Wells Client Services Department, 6200 The Corners Parkway, Norcross, Georgia 30092-3365, or call us at 1-800-557-4830. If you are a stockholder who receives multiple copies of our proxy materials, you may request householding by contacting us in the same manner and requesting a householding consent form.

Q: What if I consent to have one set of materials mailed now but change my mind later?

A: You may withdraw your householding consent at any time by contacting our Client Services Department at the address and telephone number provided above. We will begin sending separate copies of stockholder communications to you within 30 days of receipt of your instruction.

Q: The reason I receive multiple sets of materials is because some of the shares belong to my children. What happens if they move out and no longer live in my household?

A: When we receive notice of an address change for one of the members of the household, we will begin sending separate copies of stockholder communications directly to the stockholder at his or her new address. You may notify us of a change of address by contacting our Client Services Department at the address and telephone number provided above.

Q: If I plan to attend the annual meeting in person, should I notify anyone?

A: While you are not required to notify anyone in order to attend the annual meeting, if you do plan to attend the meeting, we would appreciate it if you would mark the appropriate box on the enclosed proxy card to let us know how many stockholders will be attending the meeting so that we will be able to prepare a suitable meeting room for the attendees.

Q: Where can I find more information?

A: You may access, read and print copies of the proxy materials for this year's annual meeting, including our proxy statement, form of proxy card, and annual report to stockholders, at the following web site: <http://www.WellsTimberland.com/proxy>.

We file annual, quarterly and current reports, proxy statements, and other information with the SEC. You may read and copy any reports, statements, or other information we file with the SEC on its web site at www.sec.gov. Our SEC filings also are available to the public at the SEC's Public Reference Room located at 100 F Street, N.E., Washington, DC 20549. You also may obtain copies of the documents at prescribed rates by writing to the Public Reference Section of the SEC at 100 F Street, N.E., Room 1580, Washington, DC 20549. Please call the SEC at 1-800-SEC-0330 for further information regarding the public reference facilities.

CERTAIN INFORMATION ABOUT MANAGEMENT

The Board of Directors

Our board of directors has oversight responsibility for our operations and makes all major decisions concerning our business. We currently have six directors. If all of the six nominees are elected at the annual meeting, we do not expect to have any vacant board positions immediately following the annual meeting. During 2009, our board of directors held eight meetings, either in-person or telephonically, and took action twice by written consent in lieu of a meeting. For biographical information regarding our directors, see "Executive Officers and Directors" on page 11.

Our board has established the following committees: Audit Committee, Nominating and Corporate Governance Committee and Operations Committee. Information regarding each of the committees is set forth below.

On March 23, 2010, our board of directors approved the expansion of the board from five to six members and elected George W. Sands to serve as an independent director to fill the vacancy. The board also appointed Mr. Sands as a member of each of the Audit Committee, the Nominating and Corporate Governance Committee and the Operations Committee.

Director Attendance at Meetings

Each of our directors attended at least 75% of the aggregate of the total number of meetings of the board of directors held during the period for which he served as a director and the total number of meetings held by all committees of the board of directors on which he served during the periods in which he served. Although we have no policy with regard to attendance by the members of our board of directors at our annual meetings of stockholders, we invite and encourage the members of our board of directors to attend our annual meetings to foster communication with stockholders. In 2009, all but one of our directors attended our annual meeting of stockholders.

Director Independence

Four out of six members of our board of directors are "independent" as defined under the rules of the New York Stock Exchange ("NYSE") and as defined by our charter. The definition in our charter is based upon the North American Securities Administrators Association's Statement of Policy Regarding Real Estate Investment Trusts, as adopted on May 7, 2007 ("NASAA Guidelines"). On March 29, 2010, one of our directors, E. Nelson Mills became a Senior Vice President of Wells Capital, Inc., our sponsor ("Wells Capital"). As a result, he no longer qualifies as an "independent director" under our charter. Prior to March 29, 2010, the Board had determined that Mr. Mills satisfied the specified criteria and that he did not have a relationship with us that would interfere with his ability to exercise independent judgment as a member of the board. Although Mr. Mills continues to serve as a director, he has resigned from the Audit Committee and Nominating and Corporate Governance Committee. Jess E. Jarrett, another director, is affiliated with Wells Capital and its affiliates, and we do not consider him to be an independent director.

Although our shares are not listed for trading on any national securities exchange, a majority of the members of our board of directors, and all of the members of the Audit Committee and the Nominating and Corporate Governance Committee are "independent" as defined under the rules of the NYSE and our charter, as noted above. The NYSE standards provide that to qualify as an independent director, in addition to satisfying certain specified criteria, the board of directors must affirmatively determine that a director has no material relationship with us (either directly or as a partner, stockholder, or officer of an organization that has a relationship with us). The definition of "independent directors" under our charter is described below under "Certain Relationships and Related Transactions, and Director Independence." The board of directors has determined that Michael P. McCollum, Donald S. Moss, Willis J. Potts, Jr. and George W. Sands each satisfies the specified criteria and that none has a relationship with us that would interfere with such person's ability to exercise independent judgment as a member of the board of directors.

For a discussion of transactions and relationships between our directors and our affiliates that were considered by the board of directors under the applicable independence definitions in determining that these directors are independent, see "Certain Relationships and Related Transactions, and Director Independence." Additionally, none

of these directors has ever served as (or is related to) an employee of our company or any of our predecessors or acquired companies or received any compensation from us or any such other entities except for compensation directly related to service as a director. Therefore, we believe that Messrs. McCollum, Moss, Potts and Sands are independent directors.

The Audit Committee

General

Our board of directors has a separately designated standing Audit Committee established in accordance with Section 3(a)(58)(A) of the Exchange Act. The Audit Committee's primary function is to assist our board of directors in fulfilling its responsibilities by:

selecting the independent auditors to audit our financial statements;

reviewing with the independent auditors the plans and results of the audit engagement;

approving the audit and overseeing our independent auditors and reviewing the financial information to be provided to our stockholders and others;

reviewing the independence of the independent public accountants;

considering the adequacy of fees;

reviewing the system of internal control over financial reporting which our management has established and our audit and financial reporting process;

overseeing our compliance with applicable laws and regulations; and

establishing procedures for the ethical conduct of our business.

The Audit Committee fulfills these responsibilities primarily by carrying out the activities enumerated in the Audit Committee Charter adopted by our board of directors in 2006, and revised as of December 2008. The Audit Committee Charter is available on our web site at www.WellsTimberland.com.

On March 29, 2010, E. Nelson Mills, one of our directors and the former Audit Committee Chairman and Audit Committee financial expert, became a Senior Vice President of Wells Capital. As a result, he no longer qualifies as an independent director under our charter and has resigned from the Audit Committee. On May 10, 2010, the Nominating and Corporate Governance Committee determined that George W. Sands had the requisite accounting and related financial management expertise and should therefore be considered an audit committee financial expert within the meaning set forth by the rules of the SEC. Also on May 10, 2010, our board of directors designated Mr. Sands to be Chairman of the Audit Committee.

Our Audit Committee currently consists of Michael P. McCollum, Donald S. Moss, Willis J. Potts, Jr. and George W. Sands. All of the members of the Audit Committee are independent as defined under the rules of the NYSE and our charter. During 2009, the Audit Committee met four times.

Independent Auditors

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During the year ended December 31, 2009, Deloitte & Touche LLP served as our independent auditor and provided certain tax and other services. Deloitte & Touche LLP has served as our independent auditor since our formation. Deloitte & Touche LLP representatives will be present at the annual meeting of stockholders and will have the opportunity to make a statement if they desire to do so. In addition, the Deloitte & Touche LLP representatives will be available to respond to appropriate questions posed by any stockholder. The Audit Committee has engaged Deloitte & Touche LLP as our independent auditor to audit our financial statements for the year ending December 31, 2010. The Audit Committee may, however, select new auditors at any time in the future in its discretion if it deems such decision to be in our best interest. Any such decision will be disclosed to the stockholders in accordance with applicable securities laws.

Preapproval Policies

The Audit Committee Charter imposes a duty on the Audit Committee to preapprove all auditing services performed for us by our independent auditors, as well as all permitted nonaudit services (including the fees and terms thereof) in order to ensure that the provision of such services does not impair the auditors' independence. Unless a type of service to be provided by the independent auditors has received general preapproval, it will require specific preapproval by the Audit Committee.

All requests or applications for services to be provided by the independent auditor which do not require specific preapproval by the Audit Committee will be submitted to management and must include a detailed description of the services to be rendered. Management will determine whether such services are included within the list of services that have received the general preapproval of the Audit Committee. The Audit Committee will be informed on a timely basis of any such services rendered by the independent auditors.

Requests or applications to provide services that require specific preapproval by the Audit Committee will be submitted to the Audit Committee by both the independent auditors and our Principal Financial Officer, and must include a joint statement as to whether, in their view, the request or application is consistent with the SEC's rules on auditor independence. The Chairman of the Audit Committee has been delegated the authority to specifically preapprove all services not covered by the general preapproval guidelines up to an amount not to exceed \$75,000 per occurrence. Amounts requiring preapproval in excess of \$75,000 per occurrence require specific preapproval by all members of the Audit Committee prior to engagement of Deloitte & Touche LLP. All amounts specifically preapproved by the Chairman of the Audit Committee in accordance with this policy are to be disclosed to the full Audit Committee at the next regularly scheduled meeting.

All services rendered by Deloitte & Touche LLP for the year ended December 31, 2009 were preapproved in accordance with the policies and procedures described above.

Principal Auditor Fees

The Audit Committee reviewed the audit and nonaudit services performed by Deloitte & Touche LLP, as well as the fees charged by Deloitte & Touche LLP for such services. In its review of the nonaudit service fees, the Audit Committee considered whether the provision of such services is compatible with maintaining the independence of Deloitte & Touche LLP. The aggregate fees billed to us for professional accounting services, including the audit of our annual financial statements by Deloitte & Touche LLP for the years ended December 31, 2009 and 2008, are set forth in the table below.

	2009	2008
Audit fees	\$ 538,300	\$ 398,000
Audit-related fees		
Tax fees	\$ 209,253	\$ 112,500
All other fees		
Total	\$ 747,553	\$ 510,500

For purposes of the preceding table, Deloitte & Touche LLP's professional fees are classified as follows:

Audit fees These are fees for professional services performed for the audit of our annual financial statements and the required review of quarterly financial statements and other procedures performed by Deloitte & Touche in order for them to be able to form an opinion on our consolidated financial statements. These fees also cover services that are normally provided by independent auditors in connection with statutory and regulatory filings or engagements.

Audit-related fees These are fees for assurance and related services that traditionally are performed by independent auditors that are reasonably related to the performance of the audit or review of the financial

statements, such as due diligence related to acquisitions and dispositions, attestation services that are not required by statute or regulation, internal control reviews, and consultation concerning financial accounting and reporting standards.

Tax fees These are fees for all professional services performed by professional staff in our independent auditor's tax division, except those services related to the audit of our financial statements. These include fees for tax compliance, tax planning, and tax advice, including federal, state, and local issues. Services may also include assistance with tax audits and appeals before the IRS and similar state and local agencies, as well as federal, state, and local tax issues related to due diligence.

All other fees These are fees for any services not included in the above-described categories, including assistance with internal audit plans and risk assessments.

Report of the Audit Committee

The Audit Committee reviews the financial reporting process on behalf of our board of directors. Our management has the primary responsibility for the financial statements and the reporting process, including the system of internal control over financial reporting. Membership on the Audit Committee does not call for the professional training and technical skills generally associated with career professionals in the field of accounting and auditing. In addition, the independent auditors devote more time and have access to more information than does the Audit Committee. Accordingly, the Audit Committee's role does not provide any special assurance with regard to our financial statements, nor does it involve a professional evaluation of the quality of the audits performed by the independent auditors. In this context, the Audit Committee reviewed the 2009 audited financial statements with management and discussed the quality and acceptability of our financial reporting, the reasonableness of significant judgments, and the clarity of disclosures in the financial statements.

The Audit Committee reviewed with Deloitte & Touche LLP (Deloitte), the independent accountant responsible for expressing an opinion on the conformity of our audited financial statements with U.S. generally accepted accounting principles, its judgments as to the quality and the acceptability of the financial statements and such other matters as are required to be discussed with the Audit Committee under Statement on Auditing Standards No. 61 (*Communication with Audit Committees*). The Audit Committee has received written disclosures and a letter from Deloitte in satisfaction of the requirements of the Public Company Accounting Oversight Board regarding the independent accountant's communications with the Audit Committee concerning independence, and has discussed Deloitte's independence with Deloitte. In addition, the Audit Committee considered whether Deloitte's provision of nonaudit services is compatible with Deloitte's independence.

The Audit Committee discussed with Deloitte the overall scope and plans for the audit. The Audit Committee meets periodically with the internal auditor and Deloitte, with and without the presence of management, to discuss the results of their examinations, their evaluations of our internal controls, and the overall quality of our financial reporting.

In reliance on these reviews and discussions, the Audit Committee recommended to the board of directors and the board of directors approved the inclusion of the 2009 audited financial statements in our Annual Report on Form 10-K for the year ended December 31, 2009 for filing with the SEC.

The Audit Committee of the Board of Directors:*

Michael P. McCollum,

Donald S. Moss

Willis J. Potts, Jr.

* Mr. Mills took part in the relevant review and discussions described in the Audit Committee Report but no longer serves on the Audit Committee. Mr. Sands is currently a member of the Audit Committee but was appointed after the relevant review and discussions described in the Audit Committee Report.

The Nominating and Corporate Governance Committee

General

Our Nominating and Corporate Governance Committee currently consists of Michael P. McCollum, Donald S. Moss, Willis J. Potts, Jr. and George W. Sands.

As discussed above, on March 29, 2010, Mr. Mills became a Senior Vice President of Wells Capital. As a result, he no longer qualifies as an independent director under our charter and has resigned from the Nominating and Corporate Governance Committee.

The members of the Nominating and Corporate Governance Committee are independent as defined under the rules of the NYSE and our charter. Mr. Moss is the Chairman of the Nominating and Corporate Governance Committee. During 2009, the Nominating and Corporate Governance Committee met two times.

The primary functions of the Nominating and Corporate Governance Committee are:

identifying individuals qualified to serve on the board of directors and recommending that the board of directors select a slate of director nominees for election by the stockholders at the annual meeting;

developing and recommending to the board of directors a set of corporate governance policies and principles and periodically re-evaluating such policies and guidelines for the purpose of suggesting amendments to them if appropriate; and

overseeing an annual evaluation of the board of directors and each of the committees of the board of directors and our management. The Nominating and Corporate Governance Committee Charter is available on our web site at www.WellsTimberland.com.

Board Membership Criteria

The Nominating and Corporate Governance Committee annually reviews with the board of directors the appropriate experience, skills and characteristics required of board members in the context of the then-current membership of the board of directors. This assessment includes, in the context of the perceived needs of the board of directors at that time, issues of knowledge, experience, judgment and skills such as an understanding of the real estate industry, the timber industry or brokerage industry, or accounting or financial management expertise. Therefore, the board of directors and the Nominating and Corporate Governance Committee have sought a diverse board of directors whose members collectively possess these skills and experiences. Other considerations include the candidate's independence from conflict with us and the ability of the candidate to attend board meetings regularly and to devote an appropriate amount of effort in preparation for those meetings. It also is expected that independent directors nominated by the board of directors shall be individuals who possess a reputation and hold (or have held) positions or affiliations befitting a director of a large publicly registered company and are (or have been) actively engaged in their occupations or professions or are otherwise regularly involved in the business, professional, or academic community. Moreover, as required by our charter, at least one of our independent directors must have at least three years of relevant real estate experience and each director must have at least three years of relevant experience demonstrating the knowledge and experience required to successfully acquire and manage the type of assets we acquire and manage. As detailed in the director biographies below, the board of directors and the Nominating and Corporate Governance Committee believe that the slate of directors recommended for election at the annual meeting possess these diverse skills and experiences.

Selection of Directors

The board of directors is responsible for selecting its own nominees and recommending them for election by the stockholders. Pursuant to our charter, however, the independent directors must nominate replacements for any vacancies among the independent director positions. The board delegates the screening process necessary to identify

qualified candidates to the Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee annually reviews director suitability and the continuing composition of the board of directors; it then recommends director nominees who are voted on by the full board of directors. All director nominees then stand for election by the stockholders annually.

In recommending director nominees to the board of directors, the Nominating and Corporate Governance Committee solicits candidate recommendations from its own members, other directors, and management of Wells Capital. The Nominating and Corporate Governance Committee may engage the services of a search firm to assist in identifying potential director nominees. The Nominating and Corporate Governance Committee also will consider recommendations made by stockholders for director nominees who meet the established director criteria set forth above. In order to be considered by the Nominating and Corporate Governance Committee, recommendations made by stockholders must be submitted within the timeframe required for director nominations by stockholders as provided in our bylaws. See Stockholder Proposals below. In evaluating the persons recommended as potential directors, the Nominating and Corporate Governance Committee will consider each candidate without regard to the source of the recommendation and take into account those factors that the Nominating and Corporate Governance Committee determines are relevant. Stockholders may directly nominate potential directors (without the recommendation of the Committee) by satisfying the procedural requirements for such nomination as provided in Article II, Section 11, of our bylaws. Any stockholder may request a copy of our bylaws free of charge by calling our Client Services Department at 1-800-557-4830.

Operations Committee

Our Operations Committee currently consists of Jess E. Jarrett, Michael P. McCollum, E. Nelson Mills, Donald S. Moss, Willis J. Potts, Jr. and George W. Sands. The Operations Committee is responsible for:

maintaining and developing each Operations Committee member's understanding of the complexities of timberland management and timber harvesting;

maintaining and developing each Operations Committee member's experience in supervising our operations related to timberland management and timber harvesting and developing procedures designed to promote the accountability of the officers regarding results of operations;

preparing and developing materials designed to inform and educate those members of our board of directors who do not have the experience and understanding of timberland management and timber harvesting of the issues and complexities involved; and

performing such other duties as our board of directors may determine are necessary and appropriate and may delegate to the Operations Committee.

Mr. Potts is the Chairman of the Operations Committee. During 2009, the Operations Committee met four times.

Stockholder Communications with the Board of Directors

We have established several means for stockholders to communicate concerns to the board of directors. If the concern relates to our financial statements, accounting practices, or internal controls, stockholders should submit the concern in writing to the Chairman of our Audit Committee in care of our Secretary at our headquarters address. If the concern relates to our governance practices, business ethics, or corporate conduct, stockholders should submit the concern in writing to the Chairman of our Nominating and Corporate Governance Committee in care of our Secretary at our headquarters address.

If uncertain as to which category a concern relates, a stockholder may communicate the concern to any one of the independent directors in care of our Secretary.

Stockholders also may communicate concerns with our directors at our annual meeting. All but one of our directors were in attendance at our 2009 annual meeting. We expect all of the directors to be present at our 2010 annual meeting.

Executive Officers and Directors

We have provided below certain information about our executive officers and directors. All of our directors have terms expiring on the date of the 2010 annual stockholders meeting, and all of our directors are being nominated for re-election to serve until the 2011 annual stockholders meeting and until their respective successors are duly elected and qualify.

Name	Age	Position(s)	Term of Office
Leo F. Wells III	66	President	Since 2005
Douglas P. Williams	59	Executive Vice President, Secretary and Treasurer	Since 2005
Randall D. Fretz	57	Senior Vice President	Since 2005
Jess E. Jarratt	53	Director	Since 2007
Michael P. McCollum	54	Independent Director	Since 2006
E. Nelson Mills	49	Director	Since 2006
Donald S. Moss	74	Independent Director	Since 2006
Willis J. Potts, Jr.	63	Independent Director	Since 2006
George W. Sands	65	Independent Director	Since 2010

There are no family relationships between any directors or executive officers, or between any director and executive officer.

Leo F. Wells, III. Since our inception in September 2005, Mr. Wells has been our President. He served as one of our directors from inception until June 22, 2007. He served as the President of Piedmont Office Realty Trust, Inc. (Piedmont REIT) from 1997 to February 2007 and served as Chairman of the Board of Piedmont REIT until May 2007, the President and a director of Wells Real Estate Investment Trust II, Inc. (Wells REIT II) since 2003, and the President and a director of Wells Real Estate Investment Trust III, Inc. (Wells REIT III) since 2009. Prior to its dissolution in March 2008, he served as President and independent director of Institutional REIT, Inc. (Institutional REIT). He has also been the sole stockholder, sole director, President and Treasurer of Wells Real Estate Funds, Inc. (Wells REF) since 1997, which directly or indirectly owns Wells Capital, Wells Management Company, Inc. (Wells Management), Wells Investment Securities, Inc. (WIS), Wells & Associates, Inc., Wells Development Corporation, Wells Asset Management, Inc., Wells Real Estate Advisory Services, Inc., and Wells Timberland Management Organization, LLC (Wells TIMO). He has also been the President, Treasurer, and sole director of Wells Capital since 1984; Wells Management since 1983; Wells Development Corporation since it was organized in 1997 to develop real estate properties; and Wells Asset Management, Inc. since it was organized in 1997 to serve as an investment advisor to the Wells Family of Real Estate Funds. Since 1997, Mr. Wells has been a trustee of the Wells Family of Real Estate Funds, an open-end management company organized as an Ohio business trust, which included as one of its series the Wells Dow Jones Wilshire U.S. REIT Index Fund and the Wells Dow Jones Wilshire Global RESI Index Fund. Since 2004, he has been President and sole director of Wells Real Estate Advisory Services, Inc. He has been the President, Treasurer, and a director of Wells & Associates, Inc., a real estate brokerage and investment company, since it was formed in 1976 and incorporated in 1978.

Mr. Wells was a real estate salesman and property manager from 1970 to 1973 for Roy D. Warren & Company, an Atlanta-based real estate company, and he was associated from 1973 to 1976 with Sax Gaskin Real Estate Company, during which time he became a Life Member of the Atlanta Board of Realtors Million Dollar Club. From 1980 to February 1985, he served as Vice President of Hill-Johnson, Inc., a Georgia corporation engaged in the construction business. Mr. Wells holds a Bachelor of Business Administration degree in Economics from the University of Georgia. Mr. Wells is a member of the Financial Planning Association (FPA).

On August 26, 2003, Mr. Wells and WIS entered into a Letter of Acceptance, Waiver and Consent (AWC) with the NASD (now FINRA) relating to alleged rule violations. The AWC set forth the NASD's findings that WIS and Mr. Wells had violated conduct rules relating to the provision of noncash compensation of more than \$100 to associated persons of NASD member firms in connection with their attendance at the annual educational and due

diligence conferences sponsored by WIS in 2001 and 2002. Without admitting or denying the allegations and findings against them, WIS and Mr. Wells consented in the AWC to various findings by the NASD that are summarized in the following paragraph:

In 2001 and 2002, WIS sponsored conferences attended by registered representatives who sold its real estate investment products. WIS also paid for certain expenses of guests of the registered representatives who attended the conferences. In 2001, WIS paid the costs of travel to the conference and meals for many of the guests and paid the costs of playing golf for some of the registered representatives and their guests. WIS later invoiced registered representatives for the cost of golf and for travel expenses of guests, but was not fully reimbursed for such. In 2002, WIS paid for meals for the guests. WIS also conditioned most of the 2001 conference invitations on attainment by the registered representatives of a predetermined sales goal for WIS products. This conduct violated the prohibitions against payment and receipt of noncash compensation in connection with the sales of these products contained in NASD's Conduct Rules 2710, 2810, and 3060. In addition, WIS and Mr. Wells failed to adhere to all of the terms of their written undertaking made in March 2001 not to engage in the conduct described above, and thereby failing to observe high standards of commercial honor and just and equitable principles of trade, in violation of NASD Conduct Rule 2110.

WIS consented to a censure, and Mr. Wells consented to suspension from acting in a principal capacity with an NASD member firm for one year. WIS and Mr. Wells also agreed to the imposition of a joint and several fine in the amount of \$150,000. Mr. Wells' one-year suspension from acting in a principal capacity with WIS ended on October 6, 2004.

Douglas P. Williams. Since our inception in September 2005, Mr. Williams has been our Executive Vice President, Secretary, and Treasurer. He served as one of our directors from inception until June 22, 2007. From 1999 to 2007, he has also served as Executive Vice President, Secretary, and Treasurer, and a director of Piedmont REIT. He has served as Executive Vice President, Secretary, and Treasurer, and a director of Wells REIT II since 2003 and Executive Vice President, Secretary, and Treasurer, and a director of Wells REIT III since 2009. Prior to its dissolution in March 2008, he served as Executive Vice President, Secretary, and Treasurer, and a director of Institutional REIT. Since 1999, Mr. Williams has also been a Senior Vice President of Wells Capital and a Vice President, Chief Financial Officer, and Treasurer, and a director of WIS. He has also been a Vice President of Wells REF and Wells Asset Management, Inc. since 1999.

From 1996 to 1999, Mr. Williams served as Vice President and Controller of OneSource, Inc., a leading supplier of janitorial and landscape services, where he was responsible for corporate-wide accounting activities and financial analysis. Mr. Williams was employed by ECC International Inc., a supplier to the paper industry and to the paint, rubber, and plastic industries, from 1982 to 1995. While at ECC, Mr. Williams served in a number of key accounting positions, including: Corporate Accounting Manager, U.S. Operations; Division Controller, Americas Region; and Corporate Controller, America/Pacific Division. Prior to joining ECC and for one year after leaving ECC, Mr. Williams was employed by Lithonia Lighting, a manufacturer of lighting fixtures, as a Cost and General Accounting Manager and Director of Planning and Control. Mr. Williams started his professional career as an auditor for a predecessor firm of KPMG LLP. Mr. Williams is a member of the American Institute of Certified Public Accountants and the Georgia Society of Certified Public Accountants and is licensed with FINRA as a financial and operations principal. Mr. Williams received a Bachelor of Arts degree from Dartmouth College and a Master of Business Administration degree from Amos Tuck School of Graduate Business Administration at Dartmouth College.

Randall D. Fretz. Since our inception in September 2005, Mr. Fretz has been our Senior Vice President. He has also been a Senior Vice President of Wells Capital since 2002, the Chief of Staff and a Vice President of Wells REF since 2002, a Senior Vice President of Piedmont REIT from 2002 to 2007, a Senior Vice President of Wells REIT II since 2003, a Senior Vice President of Wells REIT III since 2009, and a director of WIS since 2002. Prior to its dissolution in March 2008, he served as a Senior Vice President of Institutional REIT. Mr. Fretz is primarily responsible for corporate strategy and planning, advising, and coordinating the executive officers of Wells Capital on corporate matters and special projects. Prior to joining Wells Capital in 2002, Mr. Fretz served for seven years as President of U.S. and Canada operations for Larson-Juhl, a world leader in custom art and picture-framing home decor. Mr. Fretz was previously a Division Director at Bausch & Lomb, a manufacturer of optical equipment and products, and also held various senior positions at Tandem International and Lever Brothers. Mr. Fretz holds a Bachelor of Arts degree in Sociology and a Bachelor of Physical Education from McMaster University in Hamilton, Ontario. He also earned a Master of Business Administration degree from the Ivey School of Business in London, Ontario.

Jess E. Jarratt. Mr. Jarratt, one of our directors, has served as Senior Vice President of Wells Capital and President of Wells TIMO since March 2007. Mr. Jarratt is responsible for directing and managing all aspects of timberland operations for Wells including timberland acquisitions and dispositions, portfolio and property management, and timberland financing. From February 2006 through February 2007, Mr. Jarratt served as Managing Director of SunTrust Robinson Humphrey's Structured Real Estate Group, where he was responsible for structuring and purchasing net-leased real estate for SunTrust's dedicated equity account and originating financing vehicles for agricultural and timberland properties. From July 2001 through January 2006, Mr. Jarratt was Managing Director for SunTrust Robinson Humphrey's Capital Markets Origination group where he originated and structured large, multi-capital transactions across SunTrust's Corporate Banking unit. From July 1995 through July 2001, Mr. Jarratt was Group Vice President of SunTrust's AgriFood Group, which he founded and grew into a group of 20 professionals and over \$1 billion in assets. From 1988 through July 1995, Mr. Jarratt was Vice President of Rabobank International, a multinational Dutch bank where he led corporate lending activities to U.S. agribusiness companies and timberland and forest products companies. From April 1985 through May 1988, Mr. Jarratt served as one of the original foresters for a predecessor entity to Hancock Timber Resource Group, one of the largest institutional managers of timber in the world. In his role as Timberland Investment Officer, Mr. Jarratt purchased and managed one of the fund's first investments in timberland, including the merchandising of the property's timber. Mr. Jarratt was also instrumental in the development of the financial analysis used to analyze the purchase of timberland by the company. From April 1983 through April 1985, Mr. Jarratt served as a Procurement Forester with the Kirby Lumber Company. His responsibilities in this role included the purchase of raw timber to supply a plywood mill, management of various relationships with dealers and suppliers, cruising prospective timber acquisitions, and negotiating purchase prices with landowners. Prior to joining Kirby Lumber Company, Mr. Jarratt worked as a Timberland Purchase Forester responsible for building a land base for Nekoosa's Ashdown Arkansas paper mill by originating, cruising, negotiating, and closing on timberland purchases. Mr. Jarratt began his career as a Forester with the Texas Forest Service in August 1979, where he worked with private landowners to develop and implement forest management plans. Mr. Jarratt received a Bachelor of Science degree in Forestry from Texas A&M University and a Master of Business Administration degree from the University of North Texas. In addition, Mr. Jarratt is a Certified Management Accountant (CMA) and has completed the Harvard Business School Executive Agribusiness Program. Mr. Jarratt is a member of the Institute of Management Accounting.

Our board of directors, excluding Mr. Jarratt, has determined that Mr. Jarratt's extensive experience structuring large, multi-capital real estate transactions, lending to timberland and forest product companies, as well as the skills he has developed regarding analysis and management of potential investments in timberland, are all relevant experiences, attributes, and skills that enable Mr. Jarratt to effectively carry out his duties and responsibilities as director. Consequently, our board of directors has determined that Mr. Jarratt is a highly qualified candidate for directorship and should therefore continue to serve as one of our directors.

Michael P. McCollum, Ph.D. Dr. McCollum is one of our independent directors. He has worked in the forest products industry for the past 29 years and has served as Vice President for KiOR, Inc. of Pasadena, Texas since January 2010. From June 1996 until his retirement in December 2005, Dr. McCollum led the Wood and Fiber Supply Division of Georgia-Pacific Corporation, one of the world's leading manufacturers and distributors of tissue, pulp, paper, packaging, building products, and related chemicals, and in January 2001, he became President of the Fiber Supply Division. From July 1992 to June 1996, Dr. McCollum served in positions of increasing responsibility at Georgia-Pacific in the areas of forest management, wood and fiber supply, technical support, and strategic planning. From February 1984 to July 1992, Dr. McCollum served in various positions at Temple-Inland Inc., a major forest products corporation. From Jan