

Wells Timberland REIT, Inc.
Form 424B3
October 21, 2010

**FILED PURSUANT TO RULE 424 (B)(3)
REGISTRATION NO: 333-157087**

WELLS TIMBERLAND REIT, INC.

SUPPLEMENT NO. 9 DATED OCTOBER 21, 2010

TO THE PROSPECTUS DATED AUGUST 6, 2009

This document supplements, and should be read in conjunction with, our prospectus dated August 6, 2009, relating to our offering of up to \$2,200,000,000 of shares of our common stock, as supplemented by Supplement No. 6 dated April 14, 2010, Supplement No. 7 dated May 26, 2010 and Supplement No. 8 dated August 19, 2010. Defined terms used in this supplement have the same meanings as set forth in the prospectus. The purpose of this supplement is to disclose:

the status of our public offerings;

information regarding our indebtedness;

an update to the suitability standards applicable to Arizona and Pennsylvania investors;

the adoption by our board of directors of an amendment to our bylaws to limit the leverage we may incur;

a clarification with respect to the vesting schedule of restricted stock granted to our independent directors; and

an amended subscription agreement.

Status of Our Public Offerings

On August 11, 2006, we commenced our initial public offering of up to 85.0 million shares of common stock, of which 10.0 million shares were reserved for issuance through our distribution reinvestment plan. Our initial public offering ended on August 11, 2009. We raised gross offering proceeds of approximately \$174.9 million from the sale of approximately 17.6 million shares in our initial public offering.

On August 12, 2009, we commenced a follow-on public offering of 220.9 million shares of common stock, of which 20.9 million shares of common stock are being offered under our distribution reinvestment plan. As of October 7, 2010 we had raised gross offering proceeds of approximately \$50.5 million from the sale of approximately 5.1 million shares of common stock under our follow-on offering. As of October 7, 2010, approximately 194.9 million shares remained available for sale to the public in our follow-on offering, exclusive of shares available under our distribution reinvestment plan. Unless extended, our follow-on offering is expected to terminate on August 6, 2011.

As of October 7, 2010, we had received aggregate gross offering proceeds of approximately \$225.4 million from the sale of approximately 22.6 million shares in our public offerings. After incurring approximately \$18.8 million in selling commissions and dealer manager fees, approximately \$2.7 million in other organization and offering expenses, and funding common stock redemptions of approximately \$1.3 million pursuant to the share redemption program, as of October 7, 2010, we had raised aggregate net offering proceeds available for investment in properties of approximately \$202.6 million, substantially all of which had been invested in timberland properties.

Information Regarding Our Indebtedness

As of October 7, 2010, our leverage ratio, or the ratio of total debt to total purchase price of timber assets plus cash and cash equivalents, was approximately 44%. As of October 7, 2010, our debt-to-net assets ratio, defined as total debt as a percentage of our total assets (other than intangibles), valued at cost prior to deducting depreciation, reserves for bad debts and other non-cash reserves, less total liabilities, was approximately 91%.

As of October 7, 2010, we had total outstanding indebtedness of approximately \$182.8 million, which consisted of a five-year senior loan, which we refer to as the Mahrt loan, in the original principal amount of \$211.0 million with CoBank, ACB and Wells Fargo Securities, LLC. The proceeds of the Mahrt loan, which was entered into in March 2010, were used to refinance the outstanding balances due on a senior loan and a mezzanine loan entered into in October 2007 in connection with our acquisition from MeadWestvaco Corporation of certain timberland and long-term leasehold interests in timberland, along with associated mineral rights and other related assets, which we refer to as the Mahrt Timberland.

Update to Investor Suitability Standards

The Suitability Standards section of the prospectus is hereby updated with the following suitability standards:

Arizona Investors who reside in the State of Arizona must have a net worth of at least \$250,000; or a gross annual income of at least \$70,000 and a net worth of at least \$70,000.

Pennsylvania Investors who reside in the Commonwealth of Pennsylvania must have a net worth of at least \$250,000; or a gross annual income of at least \$70,000 and a net worth of at least \$70,000. Pennsylvania investors must also have a net worth of at least 10 times their investment in us.

Amendment of Bylaws to Limit Leverage

Under our charter, we have a limitation on borrowing that precludes us from borrowing in excess of 300% of the value of our net assets, which we refer to as our net assets limitation. Net assets for purposes of this calculation is defined to be our total assets (other than intangibles), valued at cost prior to deducting depreciation, reserves for bad debts and other non-cash reserves, less total liabilities, calculated quarterly by us on a basis consistently applied. This net assets limitation has generally been expected to limit our borrowing to approximately 75% of the cost of our properties before noncash reserves and depreciation. However, under our charter, we have had the power to temporarily borrow in excess of our net assets limitation if such excess was approved by a majority of our independent directors and disclosed to stockholders in our next quarterly report, along with a justification for such excess.

On October 6, 2010, our board of directors approved a First Amendment to our Third Amended and Restated Bylaws, which we refer to as our bylaws. The First Amendment, which was effective immediately upon approval, reduces the maximum amount of leverage we may incur in relation to our net assets to 200%, which is expected to limit our borrowings to approximately 65% of the cost of our properties before non-cash reserves and depreciation. The First Amendment further provides that any amendment to this provision of the bylaws will be valid only if approved by a majority of our stockholders who are entitled to vote on the matter. As a result of this amendment to our bylaws, not only will our leverage limitation be lower, but our board of directors will no longer have the ability to approve leverage in excess of our net assets limitation without stockholder approval. As of October 7, 2010, our leverage as a percentage of our net assets was 91%.

In conjunction with the adoption of the First Amendment, our board of directors also unanimously approved Amendment No. 1 to our charter to limit the amount of leverage we may incur in a manner consistent with the amended bylaws. Our board of directors will submit Amendment No. 1 to our charter for consideration and approval by our stockholders at our 2011 annual meeting of stockholders.

Clarification of Vesting Schedule Under the Independent Directors Compensation Plan

On November 13, 2009, our board of directors amended and restated our independent directors compensation plan to provide for the issuance of restricted stock, rather than options, as non-cash compensation to our independent directors. The amended and restated independent directors compensation plan provides that each independent director elected or appointed to our board on or after November 13, 2009 will receive a grant of 2,500 shares of restricted stock upon his or her initial election or appointment. Upon each subsequent re-election to the board, each independent director will receive a subsequent grant of 1,000 shares of restricted stock. Unless otherwise provided by our board of directors, the shares of restricted stock granted upon election and re-election vest in thirds on each of the first three anniversaries of the date of grant.

Subscription Agreement

A revised form of subscription agreement is attached to this supplement as [Appendix A](#). The revised form supersedes and replaces the form included in the prospectus.

SUPPLEMENTAL INFORMATION The prospectus of Wells Timberland REIT, Inc. consists of this sticker, the prospectus dated August 6, 2009, Supplement No. 6 dated April 14, 2010, Supplement No. 7 dated May 26, 2010, Supplement 8 dated August 19, 2010 and Supplement No. 9 dated October 21, 2010.

Supplement No. 6 includes:

the status of our public offerings;

changes to the suitability standards for investors;

a description of our current portfolio;

selected financial data;

our performance Adjusted EBITDA;

the refinancing of our indebtedness;

information regarding our distributions;

compensation paid to our advisor;

our offering of up to 11,398,963 shares of our common stock in a private placement pursuant to Regulation S under the Securities Act;

updates and supplements to certain risk factors;

appointment of an independent director to our board of directors;

a change in the independence qualification of one of our directors;

the adoption by our board of directors of an amendment to our bylaws;

issuance and sales of Series B preferred stock;

Edgar Filing: Wells Timberland REIT, Inc. - Form 424B3

clarifications to the disclosure in the section of the prospectus entitled Business and Policies Investment Objectives;

a revision to the Management Legal Proceedings disclosure regarding the Piedmont Office Realty Trust, Inc. litigation;

a revision to the Plan of Distribution Subscription Procedures disclosure regarding the automatic investment plan for Ohio investors;

incorporation of certain documents by reference;

a change to our Experts section of our prospectus;

the amendment and restatement of our distribution reinvestment plan;

the amendment and restatement of our independent directors compensation plan;

an update to our Prior Performance Summary disclosure in our prospectus; and

an update to our Prior Performance Tables disclosure in our prospectus.

Supplement No. 7 includes:

the status of our public offerings;

information regarding our indebtedness;

our election to be taxed as a REIT;

a revision of the tax considerations section of our prospectus; and

our Quarterly Report on Form 10-Q for the quarter ended March 31, 2010, as filed with the Securities and Exchange Commission on May 13, 2010.

Supplement No. 8 includes:

the status of our public offerings;

information regarding our indebtedness;

declarations of stock dividends;

a revision to the Risk Factors Risks Related to Our Corporate Structure section of the prospectus;

information regarding the renewal of our advisory agreement;

information regarding the election of our directors;

the amendment and restatement of our charter;

the amendment and restatement of our bylaws;

information regarding leadership changes at our dealer manager; and

our Quarterly Report on Form 10-Q for the quarter ended June 30, 2010, as filed with the Securities and Exchange Commission on August 12, 2010.

Edgar Filing: Wells Timberland REIT, Inc. - Form 424B3

Supplement No. 9 includes:

the status of our public offerings;

information regarding our indebtedness;

an update to the suitability standards applicable to Arizona and Pennsylvania investors;

the adoption by our board of directors of an amendment to our bylaws to limit the leverage we may incur;

a clarification with respect to the vesting schedule of restricted stock granted to our independent directors; and

an amended subscription agreement.

Appendix A

