

SECURITIES AND EXCHANGE COMMISSION

FORM 8-K

Current report filing

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FILER

**WELLS REAL ESTATE FUND XI L P**

CIK: **1018216** | IRS No.: **582250094** | State of Incorpor.: **GA** | Fiscal Year End: **1231**  
Type: **8-K** | Act: **34** | File No.: **000-25731** | Film No.: **06817606**  
SIC: **6532** Real estate dealers (for their own account)

Business Address  
3885 HOLCOMB BRIDGE RD  
NORCROSS GA 30092  
7704497800

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**SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549**

**FORM 8-K**

**CURRENT REPORT  
PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934**

Date of Report (Date of earliest event reported) May 1, 2006

**Wells Real Estate Fund XI, L.P.**

(Exact Name of Registrant as Specified in Charter)

<b>Georgia</b> (State or Other Jurisdiction of Incorporation)	<b>0-25731</b> (Commission File Number)	<b>58-2250094</b> (IRS Employer Identification No.)
<b>6200 The Corners Parkway, Norcross, Georgia</b> (Address of Principal Executive Offices)		<b>30092-3365</b> (Zip Code)

Registrant's telephone number, including area code: (770) 449-7800

N/A

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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**INFORMATION TO BE INCLUDED IN THE REPORT**

**Item 7.01. Regulation FD Disclosure**

On May 1, 2006, Wells Real Estate Fund XI, L.P. (the “Registrant”) sent a letter to the limited partners of the Registrant providing an update of the Registrant’s portfolio along with a distribution check, if applicable. Copies of the letter and Fact Sheet are attached as Exhibit 99.1 and 99.2, respectively, to this Current Report on Form 8-K. Pursuant to the rules and regulations of the Securities and Exchange Commission, such exhibit and the information set forth therein are deemed to have been furnished and shall not be deemed to be “filed” under the Securities Exchange Act of 1934.

**Item 9.01. Financial Statements and Exhibits**

<b>Exhibit Number</b>	<b>Exhibit Title</b>
99.1	Letter to limited partners dated May 1, 2006
99.2	Wells Real Estate Fund XI, L.P. Fact Sheet data as of March 31, 2006

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## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Current Report on Form 8-K to be signed on its behalf by the undersigned hereunto duly authorized.

WELLS REAL ESTATE FUND XI, L.P.  
(Registrant)

By: WELLS PARTNERS, L.P.  
General Partner

By: WELLS CAPITAL, INC.  
General Partner

By: /s/ Leo F. Wells, III  
\_\_\_\_\_  
Leo F. Wells, III  
President

Date: May 8, 2006

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## Exhibit Index

<u>Exhibit Number</u>	<u>Exhibit Title</u>
99.1	Letter to limited partners dated May 1, 2006
99.2	Wells Real Estate Fund XI, L.P. Fact Sheet data as of March 31, 2006



May 1, 2006

Re: First Quarter 2006 Wells Limited Partnership Account Summary and Fact Sheets

Dear Wells L.P. Investor:

I'm pleased to enclose your first quarter limited partnership update. This packet includes the following materials:

**Partnership Account Details** of all your account activity in the first quarter

**Consolidated Partnership Distribution Summary** of first quarter distributions and withholdings if the fund(s) in which you are invested are distributing proceeds this quarter\*

**Consolidated Distribution Check** if the fund(s) in which you are invested are distributing proceeds this quarter\* (Please see the enclosed fact sheet(s) for more information about distributions.)

**First Quarter 2006 L.P. Fact Sheet** for each fund in which you are a limited partner

\* Class-A share investors in Wells L.P. Funds VIII, IX, X, XII, XIII, and XIV will receive an operating distribution.

As a reminder, the Consolidated Partnership Distribution Summary now includes any operating distributions (quarterly amounts paid out of net cash flow from operations), NSP distributions (net proceeds from sales of properties), and withholdings deducted during the first quarter.

As in previous quarters, you'll want to review the fund fact sheet(s), which include(s) a comprehensive overview of a fund's portfolio, property activity, and current return. You can learn even more by reading the Form 10-K for your fund(s) at [www.wellsref.com](http://www.wellsref.com). Simply click on "Wells Limited Partnerships" on the main page to access the filing(s) for your investments.

If you have any questions, please contact us at 800-557-4830. Our Client Services Specialists are available Monday through Thursday, 8:15 a.m. to 6:30 p.m., and Friday, 8:15 a.m. to 5:30 p.m. (ET). You also may send an e-mail to [investor.services@wellsref.com](mailto:investor.services@wellsref.com).

Sincerely,

A handwritten signature in cursive script that reads "Leo F. Wells III".

Leo F. Wells III  
General Partner

Enclosures

cc: Financial Representative

# Wells Real Estate Fund XI, L.P. Fact Sheet

# XI

DATA AS OF MARCH 31, 2006

## PORTFOLIO SUMMARY

PROPERTIES OWNED	% LEASED		PERCENT OWNED	ACQUISITION DATE	ACQUISITION PRICE*	DISPOSITION DATE	DISPOSITION PRICE	ALLOCATED NET SALE PROCEEDS
	AS OF 3/31/2006							
Alstom Power	SOLD		9 %	12/10/96	\$8,137,994	3/15/05	\$12,000,000	\$1,023,528
Avaya	100	%	9 %	6/24/98	\$5,512,472	N/A	N/A	N/A
Cort	SOLD		24 %	7/31/98	\$6,566,430	9/11/03	\$5,770,000	\$1,315,906
47320 Kato Road	100	%	9 %	7/21/98	\$8,983,110	N/A	N/A	N/A
Gartner	SOLD		26 %	9/20/99	\$8,347,618	4/13/05	\$12,520,404	\$3,241,531
360 Interlocken Boulevard	100	%	9 %	3/20/98	\$8,567,344	N/A	N/A	N/A
Iomega	100	%	9 %	7/1/98	\$5,934,250	N/A	N/A	N/A
Johnson Matthey	SOLD		26 %	8/17/99	\$8,056,392	10/5/04	\$10,000,000	\$2,529,819
1315 West Century Drive	0	%	9 %	2/13/98	\$10,361,070	N/A	N/A	N/A
20/20 Building	0	%	26 %	7/2/99	\$9,546,210	N/A	N/A	N/A
111 Southchase Blvd.	0	%	26 %	5/18/99	\$5,121,827	N/A	N/A	N/A

## WEIGHTED AVERAGE

25 %

\* The Acquisition Price does not include the upfront sales charge.

## FUND FEATURES

**OFFERING DATES** December 1997 - December 1998

**PRICE PER UNIT** \$10

**A/B STRUCTURE**            A' s - Cash available for distribution up to 10% Preferred  
                                      B' s - Net loss until capital account reaches zero +  
                                      No Operating Distributions

**A/B RATIO AT CLOSE**    79% to 21%  
**OF OFFERING**

**AMOUNT RAISED**            \$16,532,802

Please note that the figures and dates in this fact sheet are subject to change as additional information becomes available related to a variety of factors, such as closing costs, prorations, and other adjustments.

Past performance is no guarantee of future results.

### **Portfolio Overview**

Wells Fund XI is in the holding phase of its life cycle. The Fund originally owned interests in 11 properties, but four properties have already been sold. Our focus at this time involves increasing the current occupancy level within the portfolio and concentrating on re-leasing and marketing efforts that we believe will deliver greater operating performance for our investors.

The weighted-average occupancy for the portfolio has fallen to 25%, with three vacant properties in the Fund and the sales of two well-leased assets in 2005. These near-term leasing issues may continue to negatively affect our operating performance. However, we have seen an increase in the level of leasing interest, and we are working aggressively with these potential tenants to minimize any negative effects to the extent possible.

The first quarter 2006 operating distributions are being reserved due to the number of vacancies in the portfolio. The General Partners anticipate that operating distributions may continue to be reserved or remain low in the near-term due to various issues, including re-leasing costs and other capital improvements for the 20/20, 111 Southchase, and 1315 West Century Drive buildings. Once the details surrounding the extent of the capital requirements become known, the General Partners will evaluate if further distributions of the net sale proceeds from the property sales are appropriate.

We would like to highlight the **Cumulative Performance Summary** on the back page, which provides a high-level overview of the Fund's overall performance to date.



**Continued on reverse**



## Property Summary

The **Alstom Power** building was sold on March 15, 2005, following the lease renewal and extension with Alstom Power. Net sale proceeds of \$1,023,528 were allocated to Fund XI. These proceeds were included in the November 2005 distribution.

The **Avaya** building in Oklahoma City, Oklahoma, is 100% leased through January 2008.

The **Cort** building was sold in September 2003, and net sale proceeds of \$1,315,906 have been allocated to the Fund. These proceeds were distributed to the limited partners in May 2005.

**47320 Kato Road** is located in Fremont, California, in the Silicon Valley area. TCI International leases the entire building through November 2009.

The **Gartner** building, located in Fort Myers, Florida, was sold on April 13, 2005, as part of a larger portfolio sale. The net sale proceeds allocated to the Fund from this sale were \$3,241,531. The November 2005 distribution included \$1,930,746 of these proceeds. The remaining \$1,310,785 is being reserved to fund anticipated re-leasing costs for the vacant buildings.

The **360 Interlocken Boulevard** property is located in the Broomfield submarket of Denver, Colorado. The majority of this building is leased to Gaiam through May 2008. We have successfully increased the building occupancy to 100% with a recent lease for the remaining vacancy that commences in May 2006.

The **Iomega** building, located in Ogden, Utah, outside Salt Lake City, is 100% leased through April 2009.

The **Johnson Matthey** property was sold on October 5, 2004, and \$2,529,819 in net sale proceeds has been allocated to Fund XI. Of these proceeds, \$984,093 was distributed to the limited partners in May 2005. The remaining proceeds were included in the November 2005 distribution.

The **1315 West Century Drive** building is located in Louisville, Colorado, adjacent to the Broomfield submarket. The lease for this property expired in April 2005, and we are aggressively pursuing leasing opportunities for this asset.

The **20/20 Building**, located in Kansas City, Kansas, is currently vacant. We have engaged our local leasing team and are aggressively marketing this asset for lease.

The **111 Southchase Boulevard** building in Greenville, South Carolina, is currently vacant. We are pursuing a number of marketing opportunities for this asset.

## CUMULATIVE PERFORMANCE SUMMARY<sup>(1)</sup>

	<u>Par</u> <u>Value</u>	<u>Cumulative</u> <u>Operating</u> <u>Cash Flow</u> <u>Distributed</u>	<u>Cumulative</u> <u>Passive</u> <u>Losses<sup>(2)</sup></u>	<u>Cumulative</u> <u>Net Sale</u> <u>Proceeds</u> <u>Distributed</u>	<u>Estimated</u> <u>Unit Value</u> <u>as of</u> <u>12/31/05<sup>(3)</sup></u>
<b>PER "A" UNIT</b>	\$ 10	\$ 4.84	N/A	\$ 3.26	\$ 4.05
<b>PER "B" UNIT</b>	\$ 10	\$ 0.00	\$ 0.93	\$ 8.11	\$ 3.75

<sup>(1)</sup> These per-unit amounts represent estimates of the amounts attributable to the limited partners who have purchased their units directly from the Partnership in its initial public offering of units and have not made any conversion elections from Class A units to Class B units, or vice versa, under the Partnership agreement.

<sup>(2)</sup> This estimated per-unit amount is calculated as the sum of the annual per-unit cumulative passive loss allocated to a Pure Class B Unit, reduced for Gain on Sale per unit allocated to a Pure Class B Unit.

(3) Please refer to the disclosure related to the estimated unit valuations contained in Item 5 of the 12/31/2005 Form 10-K for this partnership.

**ANNUALIZED YIELD – PER “A” UNIT AT \$10 OFFERING PRICE**

	Q1		Q2		Q3		Q4		AVG YTD	
<b>2006</b>	Reserved		–		–		–		–	
<b>2005</b>	2.00	%	Reserved		Reserved		Reserved		0.50	%
<b>2004</b>	Reserved		6.50	%	2.00	%	Reserved		2.13	%
<b>2003</b>	8.00	%	6.50	%	8.00	%	6.50	%	7.25	%
<b>2002</b>	9.50	%	9.50	%	9.50	%	9.00	%	9.38	%
<b>2001</b>	9.75	%	9.75	%	9.75	%	9.75	%	9.75	%
<b>2000</b>	9.00	%	9.25	%	9.50	%	9.75	%	9.38	%
<b>1999</b>	6.00	%	6.00	%	8.00	%	8.24	%	7.06	%
<b>1998</b>	0.00	%	0.00	%	6.00	%	6.00	%	3.00	%

**TAX PASSIVE LOSSES – CLASS “B” PARTNERS**

<b>2005</b>	<b>2004</b>		<b>2003</b>		<b>2002</b>		<b>2001</b>		<b>2000</b>	
<b>-39.24%*</b>	8.38	%	16.75	%	10.48	%	9.85	%	11.13	%

\* Negative percentage due to income allocation.

**For a more detailed annual financial report, please refer to  
Fund XI’s most recent 10-K filing, which can be found  
on the Wells Web site at [www.wellsref.com](http://www.wellsref.com).**



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