

# SECURITIES AND EXCHANGE COMMISSION

## FORM 8-K

Current report filing

Filing Date: **2005-05-02** | Period of Report: **2005-05-02**  
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### FILER

#### WELLS REAL ESTATE FUND VII L P

CIK: **895347** | IRS No.: **582022629** | State of Incorpor.: **GA** | Fiscal Year End: **1231**  
Type: **8-K** | Act: **34** | File No.: **000-25606** | Film No.: **05790208**  
SIC: **6500** Real estate

Mailing Address  
3885 HOLCOMB BRIDGE  
ROAD  
NORCROSS GA 30092

Business Address  
3385 HOLCOMB BRIDGE  
ROAD  
NORCROSS GA 30092  
4044497800

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

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**FORM 8-K**

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**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 2, 2005**

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

(Exact Name of Registrant as Specified in Charter)

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**Georgia**  
(State or Other Jurisdiction  
of Incorporation)

**0-25606**  
(Commission File Number)

**58-2022629**  
(IRS Employer  
Identification No.)

**6200 The Corners Parkway, Norcross, Georgia**  
(Address of Principal Executive Offices)

**30092-3365**  
(Zip Code)

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

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

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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 2, 2005, the Registrant sent a letter to limited partners providing an update of the Registrant's portfolio. A copy of the letter is attached as Exhibit 99.1 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**

**Exhibit**

| <u>Number</u> | <u>Exhibit Title</u>                         | _____ |
|---------------|--|-------|
| 99.1          | Letter to limited partners dated May 2, 2005 |       |

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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 VII, L.P.  
(Registrant)

WELLS PARTNERS, L.P.  
By: General Partner

WELLS CAPITAL, INC.  
By: General Partner

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

Date: May 2, 2005

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**Exhibit Index**

| <b><u>Exhibit</u></b> |  |
|-----------------------|--|
| <b><u>Number</u></b>  | <b><u>Exhibit Title</u></b>                  |
| 99.1                  | Letter to limited partners dated May 2, 2005 |

May 2, 2005

<<Investor>>

<<Street Address>>

<<City, State, Zip Code>>

Re: First Quarter 2005 Wells Limited Partnership Fact Sheets

Dear <<Investor>>:

In our ongoing effort to help you stay up-to-date on your Wells limited partnership investment, we have enclosed a first quarter 2005 fact sheet for each fund in which you are a limited partner. The fact sheet provides valuable information about each portfolio, including the annualized yield and tax passive losses, property activity, and current leasing percentages. For further details, you may access the first quarter 2005 Form 10-Q filing for your fund(s), which will be available after May 16 on the Wells Web site at [www.wellsref.com](http://www.wellsref.com). The login is "investor," and the password is "growth."

For your reference, the following summarizes the list of your investment(s), the number of units you own, and the net amount invested\*:

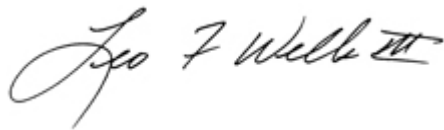
- <<Fund I, Class A, 00 Units, Net Amount Invested>>
- <<Fund I, Class B, 00 Units, Net Amount Invested >>
- <<Fund II, Class A, 00 Units, Net Amount Invested >>
- <<Fund II, Class B, 00 Units, Net Amount Invested >>
- <<Fund II-OW, Class A, 00 Units, Net Amount Invested >>
- <<Fund II-OW, Class B, 00 Units, Net Amount Invested >>
- <<Fund III, Class A, 00 Units, Net Amount Invested >>
- <<Fund III, Class B, 00 Units, Net Amount Invested >>
- <<Fund IV, Class A, 00 Units, Net Amount Invested >>
- <<Fund IV, Class B, 00 Units, Net Amount Invested >>
- <<Fund V, Class A, 00 Units, Net Amount Invested >>
- <<Fund V, Class B, 00 Units, Net Amount Invested >>
- <<Fund VI, Class A, 00 Units, Net Amount Invested >>
- <<Fund VI, Class B, 00 Units, Net Amount Invested >>
- <<Fund VII, Class A, 00 Units, Net Amount Invested >>
- <<Fund VII, Class B, 00 Units, Net Amount Invested >>
- <<Fund X, Class A, 00 Units, Net Amount Invested >>
- <<Fund X, Class B, 00 Units, Net Amount Invested >>
- <<Fund XI, Class A, 00 Units, Net Amount Invested >>
- <<Fund XI, Class B, 00 Units, Net Amount Invested >>
- <<Fund XII, Cash Preferred, 00 Units, Net Amount Invested >>
- <<Fund XII, Tax Preferred, 00 Units, Net Amount Invested >>
- <<Fund XIII, Cash Preferred, 00 Units, Net Amount Invested >>
- <<Fund XIII, Tax Preferred, 00 Units, Net Amount Invested >>
- <<Fund XIV, Cash Preferred, 00 Units, Net Amount Invested >>
- <<Fund XIV, Tax Preferred, 00 Units, Net Amount Invested >>

(over)

Also, if you have not already done so, please consider signing up for electronic communications in order to save partnership expenses. Not only will you receive information quickly and securely, you will help reduce mailing costs borne by the partnership. Simply call a Client Services Specialist today at 800-557-4830, and they'd be happy to assist you.

We value your support of Wells Real Estate Funds and thank you for allowing us to serve your investment needs.

Sincerely,

A handwritten signature in black ink that reads "Leo F. Wells III". The signature is written in a cursive, flowing style.

Leo F. Wells III  
General Partner

Enclosure(s)

cc: Financial Representative \_\_\_\_\_

\* The "Net Amount Invested" is intended to show the original purchase amount of the units owned in the account less any Net Sale Proceeds (NSP) distributions that may have been paid on the underlying units. It is not intended to reflect the fair market value of your units, and you should be advised that these amounts do not represent the value of the Partnership's properties or the amount you would receive upon liquidation of the Partnership. Please note that your investment in units is illiquid because there is no public trading market for the units, and there can be no assurance that you will be able to receive this amount for your units at any time in the future or upon the ultimate liquidation of the Partnership.

DATA AS OF MARCH 31, 2005

## PORTFOLIO SUMMARY

| PROPERTIES OWNED                | % LEASED AS OF<br>3/31/2005 | PERCENT<br>OWNED |
|---------------------------------|-----------------------------|------------------|
| 880 Holcomb Bridge Road         | SOLD                        | 50%              |
| BellSouth                       | 100%                        | 33%              |
| CH2M Hill                       | 82%                         | 37%              |
| Cherokee Commons                | SOLD                        | 11%              |
| Hannover Center                 | SOLD                        | 37%              |
| Marathon                        | SOLD                        | 42%              |
| Stockbridge Village I Expansion | SOLD                        | 55%              |
| Stockbridge Village III         | SOLD                        | 55%              |
| Tanglewood Commons              | SOLD*                       | 33%              |
| <b>WEIGHTED AVERAGE</b>         | <b>93%</b>                  |                  |

\* Sold on April 21, 2005.

## FUND FEATURES

## OFFERING DATES

April 1994 - January 1995

## 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  
OF OFFERING**

69% to 31%

**AMOUNT RAISED**

\$24,180,174

Please note that the figures 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 VII has moved from the positioning-for-sale phase into the disposition-and-liquidation phase of its life cycle. We have now sold seven assets with the closing of the Tanglewood Commons asset after the end of the quarter. Our focus on the remaining assets involves re-leasing and marketing efforts that we believe will result in the best disposition pricing for our investors.

The sale of the Tanglewood shopping center was a great start for 2005. The sale price of \$11,500,000 was well above the original purchase price for this asset. We also announced the next net sale proceeds distribution to limited partners, scheduled for the second quarter 2005, totaling approximately \$7,250,000 from the sales of the two Stockbridge Village assets, Hannover Center, 880 Holcomb Bridge Road, and Marathon.

As a result of the re-leasing costs at CH2M Hill, the General Partners are currently reserving operating cash and the remaining net sale proceeds from the sale of the Marathon building. The General Partners anticipate that operating distributions may remain low or be reserved in the near term, considering the number of property sales that have been completed.

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.

**Property Summary**

The **880 Holcomb Bridge Road** property was sold on July 1, 2004, and \$3,473,625 in net sale proceeds has been allocated to the Fund. These proceeds are scheduled to be distributed to the limited partners in the second quarter 2005.

The **BellSouth** building in Jacksonville, Florida, is currently 100% leased. Leases for both tenants of the building expire in 2006.

The **CH2M Hill** property is located in Gainesville, Florida. We renewed the CH2M Hill lease in the fourth quarter 2004 for an additional five years, extending the lease term to November 2010. As part of the negotiation, the tenant reduced the size of its space, resulting in a lower occupancy of 82% for the building. We are aggressively marketing the remaining vacant space in this property.

The **Cherokee Commons** property was sold in 2001, and \$886,212 of the net sale proceeds was allocated to the Fund. The General Partners have used \$151,212 to fund the Partnership's pro-rata share of operating expenses and re-leasing costs at the Marathon property. The remaining net sale proceeds of \$735,001 were distributed to the limited partners in January 2004.



**Continued on reverse**

DATA AS OF MARCH 31, 2005

The **Marathon** property was sold in December 2004, following the restabilization of the asset with two long-term leases. Of the net sale proceeds, \$4,140,689 was allocated to the Fund, and \$3,442,288 is scheduled to be distributed to the limited partners in the second quarter 2005. The remaining proceeds are being reserved to fund potential capital costs at the remaining assets in the Fund.

The **Stockbridge Village III**, **Stockbridge Village I Expansion**, and **Hannover Center** properties were sold on April 29, 2004, and net sale proceeds of \$1,606,248, \$2,267,781, and \$624,067, respectively, have been allocated to the Fund from these sales. Of these proceeds, \$4,164,009 was distributed to the limited partners in November 2004, and the remaining proceeds of \$334,087 are scheduled to be distributed in the second quarter 2005.

The **Tanglewood Commons** shopping center was sold on April 21, 2005, and net sale proceeds of approximately \$3,700,000 were allocated to Fund VII. The Fund had previously sold a land outparcel at Tanglewood in 2002, resulting in an allocation of net sale proceeds to the Fund of \$175,149. We have used \$126,160 of these proceeds to fund the Partnership's pro-rata share of operating expenses and re-leasing costs at the Marathon property. The remaining \$48,989 was distributed to the limited partners in November 2004. The Fund retains an ownership interest in two remaining outparcels, which will be marketed for sale now that the shopping center has been sold. The General Partners will evaluate the capital needs of the Fund to determine if all or a portion of the proceeds from the Tanglewood shopping center sale can be distributed in 2005.

**For further information, please refer to Fund VII's most recent  
10-Q filing, which can be found on the Wells Web site  
at [www.wellsref.com](http://www.wellsref.com).**

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

|                     | PAR<br>VALUE | Cumulative<br>Operating Cash<br>Flow<br>Distributed | Cumulative<br>Passive<br>Losses <sup>(2)</sup> | Cumulative<br>Net Sale<br>Proceeds<br>Distributed | Est. Unit<br>Value<br>As of<br>12/31/<br>04 <sup>(3)</sup> |
|---------------------|--------------|---|--|---|--|
| <b>PER "A" UNIT</b> | \$ 10        | \$ 7.21   | N/A  | \$ 0.76   | \$ 7.37  |
| <b>PER "B" UNIT</b> | \$ 10        | \$ 0.00   | \$ 2.03  | \$ 7.97   | \$ 7.37  |

- <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.
- <sup>(3)</sup> Please refer to the disclosure related to the estimated unit valuations contained in Item 5 of the 12/31/2004 Form 10-K for this partnership.

#### ANNUALIZED YIELD – PER "A" UNIT AT \$10 OFFERING PRICE

| Q1 | Q2 | Q3 | Q4 | AVG YTD |
|----|----|----|----|---------|
|----|----|----|----|---------|

|             |          |   |       |       |          |      |      |
|-------------|----------|---|-------|-------|----------|------|------|
| <b>2005</b> | Reserved | - | -     | -     | -        |      |      |
| <b>2004</b> | 3.00     | % | 3.00% | 3.00% | Reserved | 2.25 | %    |
| <b>2003</b> | 7.00     | % | 7.00% | 7.00% | 7.00     | %    | 7.00 |
| <b>2002</b> | 8.25     | % | 8.25% | 8.25% | 7.50     | %    | 8.06 |
| <b>2001</b> | 9.00     | % | 8.75% | 9.00% | 9.00     | %    | 8.94 |
| <b>2000</b> | 9.25     | % | 9.50% | 9.25% | 8.87     | %    | 9.22 |
| <b>1999</b> | 8.25     | % | 8.22% | 8.77% | 9.00     | %    | 8.56 |
| <b>1998</b> | 8.26     | % | 8.36% | 8.17% | 7.90     | %    | 8.17 |
| <b>1997</b> | 7.51     | % | 7.81% | 8.02% | 8.20     | %    | 7.89 |
| <b>1996</b> | 4.28     | % | 4.36% | 4.96% | 6.51     | %    | 5.03 |
| <b>1995</b> | 6.14     | % | 5.69% | 5.38% | 4.49     | %    | 5.43 |
| <b>1994</b> | N/A      |   | 0.00% | 2.23% | 4.25     | %    | 2.79 |

#### TAX PASSIVE LOSSES - CLASS "B" PARTNERS

| <u>2004</u> | <u>2003</u> | <u>2002</u> | <u>2001</u> | <u>2000</u> | <u>1999</u> |
|-------------|-------------|-------------|-------------|-------------|-------------|
| -79.70%*    | 10.90%      | 12.71%      | 14.79%      | 17.63%      | 13.86%      |

\* Negative percentage due to income allocation



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