

CommonWealth REIT
Form 424B5
September 21, 2010

Use these links to rapidly review the document

[TABLE OF CONTENTS](#)

[TABLE OF CONTENTS Prospectus Supplement](#)

[Table of Contents](#)

Filed Pursuant to Rule 424(b)(5)
Reg. No. 333-159995

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities Offered	Maximum Amount to be Registered	Maximum Offering Price per Unit	Maximum Aggregate Offering Price	Amount of Registration Fee(1)
Common Shares of Beneficial Interest	8,625,000	\$26.75	\$230,718,750	\$16,450.25

- (1) Calculated in accordance with Rule 457(r) of the Securities Act of 1933, as amended, and reflects the potential additional issuance of common shares of beneficial interest pursuant to an overallotment option.
-

Table of Contents

PROSPECTUS SUPPLEMENT

(To prospectus dated June 15, 2009)

7,500,000 Shares

CommonWealth REIT

Common Shares of Beneficial Interest

We are offering 7,500,000 common shares of beneficial interest. Our common shares are listed on the New York Stock Exchange under the symbol "CWH." The last reported sale price on September 20, 2010 was \$28.00 per share.

Investing in our common shares involves risks that are described in the "Risk Factors" section of our Annual Report on Form 10-K for the year ended December 31, 2009 and our Quarterly Report on Form 10-Q for the quarter ended June 30, 2010.

	<i>Per Share</i>	<i>Total</i>
<i>Public offering price</i>	\$26.75	\$200,625,000
<i>Underwriting discount</i>	\$1.1368	\$8,526,000
<i>Proceeds, before expenses, to Commonwealth REIT</i>	\$25.6132	\$192,099,000

The underwriters may also purchase from us up to an additional 1,125,000 common shares, at the public offering price, less the underwriting discount, within 30 days from the date of this prospectus supplement to cover overallocments, if any.

Neither the Securities and Exchange Commission, or the SEC, nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The common shares will be ready for delivery on or about September 24, 2010.

Joint Book-Running Managers

**MORGAN
STANLEY**

CITI

**WELLS FARGO
SECURITIES**

Joint Lead Co-Managers

**JEFFERIES &
COMPANY**

**MORGAN KEEGAN &
COMPANY, INC.**

RBC CAPITAL

UBS INVESTMENT BANK

MARKETS

Co-Managers

BB&T CAPITAL MARKETS

JANNEY MONTGOMERY SCOTT

OPPENHEIMER & CO.

The date of this prospectus supplement is September 21, 2010.

Table of Contents

TABLE OF CONTENTS

Prospectus Supplement

	Page
<u>The Company</u>	<u>S-1</u>
<u>The Offering</u>	<u>S-1</u>
<u>Use of Proceeds</u>	<u>S-2</u>
<u>Federal Income Tax and ERISA Considerations</u>	<u>S-3</u>
<u>Underwriting</u>	<u>S-4</u>
<u>Experts</u>	<u>S-7</u>
<u>Legal Matters</u>	<u>S-7</u>
<u>Incorporation of Certain Information by Reference</u>	<u>S-7</u>
<u>Where You Can Find More Information</u>	<u>S-8</u>
<u>Warning Concerning Forward Looking Statements</u>	<u>S-9</u>
<u>Statement Concerning Limited Liability</u>	<u>S-11</u>

Prospectus

<u>About This Prospectus</u>	<u>(i)</u>
<u>Warning Concerning Forward Looking Statements</u>	<u>(ii)</u>
<u>Commonwealth REIT</u>	<u>1</u>
<u>Risk Factors</u>	<u>1</u>
<u>Use of Proceeds</u>	<u>1</u>
<u>Description of Debt Securities</u>	<u>1</u>
<u>Description of Shares of Beneficial Interest</u>	<u>11</u>
<u>Description of Depositary Shares</u>	<u>21</u>
<u>Description of Warrants</u>	<u>25</u>
<u>Description of Certain Provisions of Maryland Law and of Our Declaration of Trust and Bylaws</u>	<u>26</u>
<u>Selling Security Holders</u>	<u>39</u>
<u>Plan of Distribution</u>	<u>39</u>
<u>Validity of the Offered Securities</u>	<u>43</u>
<u>Experts</u>	<u>43</u>
<u>Where You Can Find More Information</u>	<u>43</u>
<u>Documents Incorporated By Reference</u>	<u>44</u>
<u>Statement Concerning Limited Liability</u>	<u>45</u>

In this prospectus supplement, the terms "CWH", "we", "our" and "us" refer to Commonwealth REIT and its consolidated subsidiaries unless otherwise noted to exclude consolidated subsidiaries. Commonwealth REIT was formerly known as HRPT Properties Trust.

This prospectus supplement contains the terms of this offering. A description of our common shares is set forth in the accompanying prospectus under the heading "Description of Shares of Beneficial Interest." This prospectus supplement, or the information incorporated by reference herein, may add, update or change information in the accompanying prospectus (or the information incorporated by reference therein). If information in this prospectus supplement, or the information incorporated by reference herein, is inconsistent with the accompanying prospectus (or the information incorporated by reference therein), this prospectus supplement (or the information incorporated by reference herein) will apply and will supersede that information in the accompanying prospectus (or the information incorporated by reference therein). References to the "prospectus" are to this prospectus supplement, together with the accompanying prospectus, and the information incorporated by reference in each.

It is important for you to read and consider all information contained in this prospectus supplement, the accompanying prospectus and the information incorporated by reference herein and therein in making your investment decision. You should also read and consider the information in the documents to which we

Edgar Filing: Commonwealth REIT - Form 424B5

Table of Contents

have referred you in "Where You Can Find More Information" in this prospectus supplement and the accompanying prospectus.

You should rely only on the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. We have not, and the underwriters have not, authorized any person to provide you with different information. If anyone provides you with different or additional information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference, is accurate only as of their respective dates. Our business, financial condition, results of operations and prospects may have changed since those dates.

Table of Contents

THE COMPANY

We are a real estate investment trust, or REIT, which primarily owns office and industrial buildings located throughout the United States. The majority of our properties are office buildings located in suburban areas and central business districts of major metropolitan markets. As of June 30, 2010, we also owned 31.5 million square feet of industrial and other space, including 17.9 million square feet of leased industrial and commercial lands in Oahu, Hawaii. At June 30, 2010, we owned 521 properties with approximately 67.5 million square feet located in 34 states and Washington, D.C. In addition, as of June 30, 2010, we owned 9,950,000 of the outstanding common shares of beneficial interest of Government Properties Income Trust, or GOV, a former subsidiary that is now separately listed on the New York Stock Exchange. GOV is a REIT that owns properties that are majority leased to government tenants.

We are organized as a Maryland real estate investment trust. Our principal place of business is 400 Centre Street, Newton, Massachusetts 02458, and our telephone number is (617) 332-3990.

Distributions

Our current cash distribution rate to common shareholders is \$.50 per share per quarter, or \$2.00 per share per year. The determination of future distributions will be made by our board of trustees, and will depend upon our earnings, cash available for distribution, financial condition, capital market condition, growth prospects and other factors which our board deems relevant. We paid a quarterly distribution of \$0.50 per common share for the quarter ended June 30, 2010 on or about August 25, 2010 to our shareholders of record as of the close of business on July 26, 2010. We expect our next quarterly distribution for the quarter ending September 30, 2010 to be declared in October 2010 and paid in November 2010. Purchasers of common shares in this offering who continue to hold the shares on the record date will receive any distribution that our board of trustees declares for the quarter ending September 30, 2010.

THE OFFERING

Common shares offered by Commonwealth REIT	7,500,000 shares
Common shares to be outstanding after the offering	72,096,311 shares
New York Stock Exchange symbol	CWH

The number of common shares to be outstanding after the offering is based on 64,596,311 common shares outstanding on September 15, 2010. If the underwriters exercise their overallotment option in full, we will issue an additional 1,125,000 common shares.

Table of Contents

USE OF PROCEEDS

We estimate that our net proceeds from this offering, after deducting the underwriting discount and other estimated offering expenses, will be \$191.7 million. If the underwriters exercise their overallotment option, we estimate that our net proceeds will be approximately \$220.5 million. We expect to use the net proceeds from this offering to repay amounts outstanding under our revolving credit facility, fund a portion of our redemption of the remaining seven million shares of our 8³/₄% Series B cumulative redeemable preferred shares, having a liquidation preference of \$25.00 per share, and fund general business activities, including possible future acquisitions. Our revolving credit facility bears interest at LIBOR plus a spread and matures on August 8, 2013. As of September 20, 2010, the interest rate on the revolving credit facility was 2.3% per annum and its outstanding balance was \$90 million. Affiliates of some of the underwriters are lenders under our revolving credit facility and will receive a pro rata portion of net proceeds from this offering used to repay amounts outstanding thereunder.

Table of Contents

FEDERAL INCOME TAX AND ERISA CONSIDERATIONS

The following supplements and updates the summary of U.S. federal income tax considerations and Employee Retirement Income Security Act of 1974, as amended, or ERISA, considerations relating to the acquisition, ownership and disposition of our common shares in our Annual Report on Form 10-K for the year ended December 31, 2009, or our Annual Report, which is incorporated in this prospectus supplement by reference. Sullivan & Worcester LLP, Boston, Massachusetts, has rendered a legal opinion that the discussions in this section and in the sections of our Annual Report captioned "Federal Income Tax Considerations" and "ERISA Plans, Keogh Plans and Individual Retirement Accounts" are accurate in all material respects and, taken together, fairly summarize the U.S. federal income tax and ERISA issues discussed in those sections, and the opinions of counsel referred to in those sections represent Sullivan & Worcester LLP's opinions on those subjects. Specifically, subject to qualifications and assumptions contained in its opinion and in our Annual Report, Sullivan & Worcester LLP has given opinions to the effect (1) that we have been organized and have qualified as a REIT under the Internal Revenue Code of 1986, as amended, or the Tax Code, for our 1987 through 2009 taxable years, and that our current investments and plan of operation will enable us to continue to meet the requirements for qualification and taxation as a REIT under the Tax Code, it being understood that our actual qualification as a REIT, however, will depend on our continued ability to meet, and our meeting, through actual annual operating results and distributions, the various qualification tests under the Tax Code, and (2) that under the "plan assets" regulations promulgated by the U.S. Department of Labor under ERISA, our common shares are "publicly offered securities" and our assets will not be deemed to be "plan assets" under ERISA.

Subject to the detailed discussion contained in our Annual Report, we believe that we have qualified, and we intend to remain qualified, as a REIT under the Tax Code. As a REIT, we generally will not be subject to federal income tax on our net income distributed as dividends to our shareholders. Our distributions to you generally are includable in your income as dividends to the extent these distributions do not exceed allocable current or accumulated earnings and profits; distributions in excess of allocable current or accumulated earnings and profits generally are treated for tax purposes as a return of capital to the extent of your basis in our common shares, and reduce your basis. Subject to the detailed discussion contained in our Annual Report, we intend to conduct our affairs so that our assets are not deemed to be "plan assets" of any individual retirement account, employee benefit plan subject to Title 1 of ERISA, or other qualified retirement plan subject to Section 4975 of the Tax Code which acquires our common shares.

Information reporting and backup withholding may apply to payments you receive on our common shares, as described in our Annual Report. Backup withholding is not an additional tax. Any amounts so withheld may be allowed as a credit against your U.S. federal income tax liability and, if backup withholding results in an overpayment of taxes, a refund may be obtained from the Internal Revenue Service, or the IRS, provided that you furnish the required information to the IRS. The backup withholding rate is currently 28% and is scheduled to increase to 31% after 2010.

Effective generally after December 31, 2012, the reporting obligations of non-U.S. financial institutions and other non-U.S. entities are increased for purposes of identifying accounts and investments held directly or indirectly by United States persons, and the failure to comply will trigger a 30% withholding tax on certain dividends and related payments to these non-U.S. persons. In addition, for taxable years beginning after December 31, 2012, U.S. holders who are individuals, estates or certain trusts will generally be required to pay a new 3.8% Medicare tax on their net investment income (including gains and dividends on our common shares), or in the case of estates and trusts such income that is not distributed, to the extent their total adjusted income exceeds applicable thresholds.

We encourage you to consult your tax advisor regarding the specific federal, state, local, foreign and other tax and ERISA consequences to you of the acquisition, ownership and disposition of our common shares.

Table of Contents

UNDERWRITING

Under the terms and subject to the conditions contained in the purchase agreement dated the date of this prospectus supplement, the underwriters named below, for whom Morgan Stanley & Co. Incorporated, Citigroup Global Markets Inc. and Wells Fargo Securities, LLC are serving as the representatives, have severally agreed to purchase, and we have agreed to sell to the underwriters, the number of common shares listed opposite their names below:

Underwriter:	Number of Shares
Morgan Stanley & Co. Incorporated	1,455,000
Citigroup Global Markets Inc.	1,455,000
Wells Fargo Securities, LLC	1,455,000
Jefferies & Company, Inc.	672,939
Morgan Keegan & Company, Inc.	672,939
RBC Capital Markets Corporation	672,939
UBS Securities LLC	672,939
BB&T Capital Markets, a division of Scott & Stringfellow, LLC	72,748
Janney Montgomery Scott LLC	72,748
Oppenheimer & Co. Inc.	72,748
BBVA Securities Inc.	25,000
BNY Mellon Capital Markets, LLC	25,000
Comerica Securities, Inc.	25,000
Daiwa Securities America Inc.	25,000
JPM Securities LLC	25,000
Mitsubishi UFJ Securities (USA), Inc.	25,000
PNC Capital Markets Inc.	25,000
Santander Investment Securities Inc.	25,000
Scotia Capital (USA) Inc.	25,000
 Total	 7,500,000

The underwriters have agreed to purchase all of the common shares sold under the purchase agreement if any of the common shares are purchased. If an underwriter defaults, the purchase agreement provides that the purchase commitments of the nondefaulting underwriters may be increased or the purchase agreement may be terminated.

We have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act of 1933, as amended, or to contribute to payments the underwriters may be required to make in respect of those liabilities.

The underwriters are offering the common shares, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of legal matters by their counsel, including the validity of the common shares, and other conditions contained in the purchase agreement, such as the receipt by the underwriters of officers' certificates and legal opinions. The underwriters reserve the right to withdraw, cancel or modify offers to the public and to reject orders in whole or in part.

Commissions and Discounts

The representatives have advised us that the underwriters propose initially to offer the common shares to the public at the public offering price on the cover page of this prospectus supplement and to dealers at that price less a concession not in excess of \$0.682 per share. After the public offering, the public offering price and concession may be changed.

Edgar Filing: Commonwealth REIT - Form 424B5

Table of Contents

The following table shows the public offering price, underwriting discount and proceeds, before expenses, to us. The information assumes either no exercise or full exercise by the underwriters of their overallotment option.

	Per Share	Without Option	With Option
Public offering price	\$ 26.75	\$ 200,625,000	\$ 230,718,750
Underwriting discount	\$ 1.1368	\$ 8,526,000	\$ 9,804,900
Proceeds, before expenses, to Commonwealth REIT	\$ 25.6132	\$ 192,099,000	\$ 220,913,850

The expenses of the offering, not including the underwriting discount, are estimated at approximately \$400,000 and are payable by us.

Overallotment Option

We have granted an option to the underwriters to purchase up to an additional 1,125,000 common shares at the public offering price less the underwriting discount. The underwriters may exercise this option for 30 days from the date of this prospectus supplement solely to cover overallotments, if any. If the underwriters exercise this option, each will be obligated, subject to conditions contained in the purchase agreement, to purchase a number of additional common shares proportionate to that underwriter's initial amount reflected in the above table.

No Sales of Similar Securities

We, our executive officers and our trustees have agreed, with exceptions, not to offer, sell, contract to sell, grant any option to purchase or otherwise dispose of any of our common shares or any securities convertible into or exercisable or exchangeable for common shares, or warrants to purchase common shares, and not to take certain other actions relating to our common shares, for a period of 60 days after the date of this prospectus supplement without the prior written consent of Morgan Stanley & Co. Incorporated.

New York Stock Exchange Listing

Our common shares are listed on the New York Stock Exchange under the symbol "CWH."

Price Stabilization, Short Positions

Until the distribution of the common shares is completed, SEC rules may limit the underwriters and selling group members from bidding for and purchasing our common shares. However, the underwriters may engage in transactions that stabilize the price of the common shares, such as bids or purchases to peg, fix or maintain that price.

If the underwriters create a short position in the common shares in connection with the offering, i.e., if they sell more common shares than are listed on the cover of this prospectus supplement, the underwriters may reduce that short position by purchasing common shares in the open market. The underwriters may also elect to reduce any short position by exercising all or part of the overallotment option described above. Purchases of the common shares to stabilize their price or to reduce a short position may cause the price of the common shares to be higher than it might be in the absence of such purchases.

Neither we nor any of the underwriters makes any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the common shares. In addition, neither we nor any of the underwriters makes any representation that the underwriters will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

Sales Outside the United States

Each of the underwriters has represented and agreed that:

it has not made or will not make an offer of our common shares to the public in the United Kingdom within the meaning of section 102B of the Financial Services and Markets Act 2000 (as

Edgar Filing: Commonwealth REIT - Form 424B5

Table of Contents

amended), or the FSMA, except to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities or otherwise in circumstances which do not require the publication by us of a prospectus pursuant to the Prospectus Rules of the Financial Services Authority;

it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of FSMA) to persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 or in circumstances in which section 21 of FSMA does not apply to us; and

it has complied with and will comply with all applicable provisions of FSMA with respect to anything done by it in relation to our common shares in, from or otherwise involving the United Kingdom.

In relation to each Member State of the European Economic Area that has implemented the Prospectus Directive, the underwriters have represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Member State it has not made and will not make an offer of our common shares to the public in that Member State prior to the publication of a prospectus in relation to our common shares which has been approved by the competent authority in that Member State or, where appropriate, approved in another Member State, all in accordance with the Prospectus Directive, except that it may, with effect from and including such date, make an offer of such common shares to the public in that Member State:

at any time to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;

at any time to any legal entity which has two or more of: (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000; and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts; or

at any time in any other circumstances which do not require the publication by us of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of the above, the expression an "offer of our common shares to the public" in relation to any such common shares in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and such common shares to be offered so as to enable an investor to decide to purchase or subscribe such common shares, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression Prospectus Directive means Directive 2003/71/EC and includes any relevant implementing measure in that Member State.

Electronic Distribution

A prospectus supplement and accompanying prospectus in electronic format may be made available on the websites maintained by one or more underwriters. Other than the prospectus supplement and accompanying prospectus in electronic format, the information on the underwriters' websites is not part of this prospectus. The underwriters may agree to allocate a number of our common shares to underwriters for sale to their online brokerage account holders. Internet distributions will be allocated by Morgan Stanley & Co. Incorporated to underwriters that may make Internet distributions on the same basis as other allocations.

Other Relationships

Some of the underwriters and their affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with us. They have received, and may in the future receive, customary fees and commissions for these transactions. Affiliates of certain of the underwriters are lenders under our revolving credit facility and will receive a pro rata portion of the net proceeds from this offering used to repay amounts outstanding thereunder.

Table of Contents

EXPERTS

Ernst & Young LLP, independent registered public accounting firm, has audited our consolidated financial statements and schedules included in our Annual Report, and the effectiveness of our internal control over financial reporting as of December 31, 2009, as set forth in their reports, which are incorporated by reference in this prospectus supplement and elsewhere in the registration statement. Our financial statements and schedules are incorporated by reference in reliance on Ernst & Young LLP's reports, given on their authority as experts in accounting and auditing.

LEGAL MATTERS

Venable LLP, Baltimore, Maryland, our Maryland counsel, will issue an opinion about the legality of the common shares. Sullivan & Worcester LLP, Boston, Massachusetts, our lawyers, and Sidley Austin LLP, New York, New York, the underwriters' lawyers, will each also issue an opinion to the underwriters as to certain matters. Sullivan & Worcester LLP and Sidley Austin LLP will rely, as to certain matters of Maryland law, upon an opinion of Venable LLP. Sullivan & Worcester LLP and Venable LLP represent GOV and certain of its affiliates. Sullivan & Worcester LLP also represents Reit Management & Research LLC, or RMR, which is our manager, and certain of its affiliates on various matters.

INCORPORATION OF CERTAIN INFORMATION BY REFERENCE

The SEC allows us to "incorporate by reference" the information we file with it, which means that we can disclose important information to you by referring you to documents previously filed with the SEC. The information incorporated by reference is considered to be part of this prospectus supplement, and information that we subsequently file with the SEC will automatically update and supersede this information. We incorporate by reference the documents listed below which were filed with the SEC under the Securities Exchange Act of 1934, as amended, or the Exchange Act:

Our Annual Report on Form 10-K for the year-ended December 31, 2009;

Our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2010 and June 30, 2010;

The information identified as incorporated by reference under Items 10, 11, 12, 13 and 14 of Part III of our Annual Report from our definitive Proxy Statement for our 2010 Annual Meeting of Shareholders filed February 23, 2010; and

Our Current Reports on Form 8-K dated January 27, 2010, March 18, 2010, April 20, 2010, May 13, 2010, June 18, 2010, July 6, 2010, as amended, August 9, 2010, September 14, 2010, September 17, 2010 and September 21, 2010.

We also incorporate by reference each of the following documents that we will file with the SEC after the date of this prospectus supplement but before the termination of the offering of the common shares:

Reports filed under Sections 13(a) and (c) of the Exchange Act;

Definitive proxy or information statements filed under Section 14 of the Exchange Act in connection with any subsequent shareholders' meeting; and

Any reports filed under Section 15(d) of the Exchange Act.

Edgar Filing: Commonwealth REIT - Form 424B5

Table of Contents

You may request a copy of any of the filings (excluding exhibits), at no cost, by writing or telephoning us at the following address:

Investor Relations
Commonwealth REIT
400 Centre Street
Newton, Massachusetts 02458
(617) 332-3990

WHERE YOU CAN FIND MORE INFORMATION

You may read and copy any material that we file with the SEC at the SEC's Public Reference Room at 100 F Street N.E., Room 1580, Washington, D.C. 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. You may also access our SEC filings over the Internet at the SEC's website at <http://www.sec.gov>.

S-8

Table of Contents

WARNING CONCERNING FORWARD LOOKING STATEMENTS

THIS PROSPECTUS SUPPLEMENT, THE ACCOMPANYING PROSPECTUS, AND THE DOCUMENTS INCORPORATED BY REFERENCE, CONTAIN STATEMENTS WHICH CONSTITUTE FORWARD LOOKING STATEMENTS WITHIN THE MEANING OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995 AND OTHER FEDERAL SECURITIES LAWS. WHENEVER WE USE WORDS SUCH AS "BELIEVE", "EXPECT", "ANTICIPATE", "INTEND", "PLAN", "ESTIMATE" OR SIMILAR EXPRESSIONS, WE ARE MAKING FORWARD LOOKING STATEMENTS. THESE FORWARD LOOKING STATEMENTS AND THEIR IMPLICATIONS ARE BASED UPON OUR PRESENT INTENT, BELIEFS OR EXPECTATIONS, BUT FORWARD LOOKING STATEMENTS AND THEIR IMPLICATIONS ARE NOT GUARANTEED TO OCCUR AND MAY NOT OCCUR. FORWARD LOOKING STATEMENTS IN THIS REPORT RELATE TO VARIOUS ASPECTS OF OUR BUSINESS, INCLUDING:

THE CREDIT QUALITY OF OUR TENANTS,

THE LIKELIHOOD THAT OUR TENANTS WILL PAY RENT, RENEW LEASES, SIGN NEW LEASES OR BE AFFECTED BY CYCLICAL ECONOMIC CONDITIONS,

OUR ACQUISITIONS AND SALES OF PROPERTIES,

OUR ABILITY TO COMPETE FOR ACQUISITIONS AND TENANCIES EFFECTIVELY,

OUR ABILITY TO PAY INTEREST ON AND PRINCIPAL OF OUR DEBT,

OUR ABILITY TO PAY DISTRIBUTIONS TO SHAREHOLDERS, AND THE AMOUNT OF SUCH DISTRIBUTIONS,

OUR POLICIES AND PLANS REGARDING INVESTMENTS AND FINANCINGS,

THE FUTURE AVAILABILITY OF BORROWINGS UNDER OUR REVOLVING CREDIT FACILITY,

OUR TAX STATUS AS A REIT,

OUR ABILITY TO RAISE EQUITY OR DEBT,

OUR EXPECTATION THAT WE WILL BENEFIT FINANCIALLY BY PARTICIPATING IN THE AFFILIATES INSURANCE COMPANY, OR AIC, WITH RMR AND OTHER COMPANIES TO WHICH RMR PROVIDES MANAGEMENT SERVICES,

OUR EXPECTED USE OF PROCEEDS OF THIS OFFERING AND THE REDEMPTION OF OUR 8³/₄% SERIES B CUMULATIVE REDEEMABLE PREFERRED SHARES, AND

OTHER MATTERS.

OUR ACTUAL RESULTS MAY DIFFER MATERIALLY FROM THOSE CONTAINED IN OR IMPLIED BY OUR FORWARD LOOKING STATEMENTS AS A RESULT OF VARIOUS FACTORS. FACTORS THAT COULD HAVE A MATERIAL ADVERSE EFFECT ON OUR FORWARD LOOKING STATEMENTS AND UPON OUR BUSINESS, RESULTS OF OPERATIONS, FINANCIAL CONDITION, CASH FLOWS, LIQUIDITY AND PROSPECTS INCLUDE, BUT ARE NOT LIMITED TO:

THE IMPACT OF CHANGES IN THE ECONOMY AND THE CAPITAL MARKETS ON US AND OUR TENANTS,

COMPETITION WITHIN THE REAL ESTATE INDUSTRY OR THOSE INDUSTRIES IN WHICH OUR TENANTS OPERATE,

ACTUAL AND POTENTIAL CONFLICTS OF INTEREST WITH OUR MANAGING TRUSTEES, GOV, RMR AND THEIR AFFILIATES,

S-9

Table of Contents

COMPLIANCE WITH, AND CHANGES TO, FEDERAL, STATE AND LOCAL LAWS AND REGULATIONS, ACCOUNTING RULES, TAX RATES AND SIMILAR MATTERS, AND

LIMITATIONS IMPOSED ON OUR BUSINESS AND OUR ABILITY TO SATISFY COMPLEX RULES IN ORDER FOR US TO QUALIFY AS A REIT FOR U.S. FEDERAL INCOME TAX PURPOSES.

FOR EXAMPLE:

IF THE AVAILABILITY OF DEBT CAPITAL BECOMES MORE RESTRICTED, WE MAY BE UNABLE TO REFINANCE OR REPAY OUR DEBT OBLIGATIONS WHEN THEY BECOME DUE OR ON TERMS WHICH ARE AS FAVORABLE AS WE NOW HAVE,

THE CURRENT HIGH UNEMPLOYMENT RATE IN THE U.S. MAY CONTINUE FOR A LONG TIME OR BECOME WORSE IN THE FUTURE. SUCH CIRCUMSTANCES MAY FURTHER REDUCE DEMAND FOR LEASING OFFICE AND INDUSTRIAL SPACE. IF THE DEMAND FOR LEASING OFFICE AND INDUSTRIAL SPACE REMAINS AT CURRENT LEVELS OR BECOMES FURTHER DEPRESSED, OCCUPANCY AND OPERATING RESULTS OF OUR PROPERTIES MAY DECLINE,

SOME OF OUR TENANTS MAY NOT RENEW EXPIRING LEASES, AND WE MAY BE UNABLE TO LOCATE NEW TENANTS TO MAINTAIN THE HISTORICAL OCCUPANCY RATES OF OUR PROPERTIES,

OUR AGREEMENTS TO ACQUIRE AND SELL PROPERTIES ARE SUBJECT TO VARIOUS TERMS AND CONDITIONS, AND THESE TERMS AND CONDITIONS MAY NOT BE MET. AS A RESULT, SOME OR ALL OF THESE TRANSACTIONS MAY NOT OCCUR OR MAY BE DELAYED,

OUR ABILITY TO MAKE FUTURE DISTRIBUTIONS DEPENDS UPON A NUMBER OF FACTORS, INCLUDING OUR FUTURE EARNINGS. WE MAY BE UNABLE TO MAINTAIN OUR CURRENT RATE OF DISTRIBUTIONS ON OUR COMMON SHARES OR PREFERRED SHARES AND FUTURE DISTRIBUTIONS MAY BE SUSPENDED OR PAID AT A LESSER RATE THAN THE DISTRIBUTIONS WE NOW PAY,

OUR ABILITY TO GROW OUR BUSINESS AND INCREASE OUR DISTRIBUTIONS DEPENDS IN LARGE PART UPON OUR ABILITY TO BUY PROPERTIES AND LEASE THEM FOR RENTS THAT EXCEED OUR CAPITAL COSTS. WE MAY BE UNABLE TO IDENTIFY PROPERTIES THAT WE WANT TO ACQUIRE OR TO NEGOTIATE ACCEPTABLE PURCHASE PRICES, ACQUISITION FINANCING OR LEASE TERMS FOR NEW PROPERTIES,

THE DISTRIBUTIONS WE RECEIVE FROM GOV MAY DECLINE OR WE MAY BE UNABLE TO SELL OUR GOV SHARES FOR AN AMOUNT EQUAL TO OUR CARRYING VALUE OF THOSE SHARES,

OUR PARTICIPATION IN AIC INVOLVES POTENTIAL FINANCIAL RISKS AND REWARDS TYPICAL OF ANY START UP BUSINESS VENTURE AS WELL AS OTHER FINANCIAL RISKS AND REWARDS SPECIFIC TO INSURANCE COMPANIES. ACCORDINGLY, OUR EXPECTED FINANCIAL BENEFITS FROM OUR INITIAL OR FUTURE INVESTMENTS IN AIC MAY BE DELAYED OR MAY NOT OCCUR, AND

ALTHOUGH IT IS OUR CURRENT INTENT TO REDEEM OUR 8³/₄% SERIES B CUMULATIVE REDEEMABLE PREFERRED SHARES, SUCH REDEMPTION MAY NOT OCCUR.

THESE RESULTS COULD OCCUR DUE TO MANY DIFFERENT CIRCUMSTANCES, SOME OF WHICH ARE BEYOND OUR CONTROL, SUCH AS CHANGES IN OUR TENANTS' FINANCIAL

S-10

Table of Contents

CONDITIONS OR THE MARKET DEMAND FOR LEASED SPACE, OR CHANGES IN CAPITAL MARKETS OR THE ECONOMY GENERALLY.

THE INFORMATION CONTAINED IN OUR ANNUAL REPORT AND SUBSEQUENT DOCUMENTS FILED WITH THE SEC AND INCORPORATED BY REFERENCE IDENTIFIES OTHER FACTORS THAT COULD CAUSE DIFFERENCES FROM OUR FORWARD LOOKING STATEMENTS. ALSO, OTHER IMPORTANT FACTORS THAT COULD CAUSE OUR ACTUAL RESULTS TO DIFFER MATERIALLY FROM THOSE IN OUR FORWARD LOOKING STATEMENTS ARE DESCRIBED MORE FULLY UNDER "RISK FACTORS" IN OUR ANNUAL REPORT AND IN OUR QUARTERLY REPORT ON FORM 10-Q FOR THE QUARTER ENDED JUNE 30, 2010.

YOU SHOULD NOT PLACE UNDUE RELIANCE UPON OUR FORWARD LOOKING STATEMENTS.

EXCEPT AS REQUIRED BY LAW, WE DO NOT INTEND TO UPDATE OR CHANGE ANY FORWARD LOOKING STATEMENTS AS A RESULT OF NEW INFORMATION, FUTURE EVENTS OR OTHERWISE.

STATEMENT CONCERNING LIMITED LIABILITY

THE AMENDED AND RESTATED DECLARATION OF TRUST ESTABLISHING COMMONWEALTH REIT, DATED JULY 1, 1994, AS AMENDED AND SUPPLEMENTED, AS FILED WITH THE STATE DEPARTMENT OF ASSESSMENTS AND TAXATION OF MARYLAND, PROVIDES THAT NO TRUSTEE, OFFICER, SHAREHOLDER, EMPLOYEE OR AGENT OF COMMONWEALTH REIT SHALL BE HELD TO ANY PERSONAL LIABILITY, JOINTLY OR SEVERALLY, FOR ANY OBLIGATION OF, OR CLAIM AGAINST, COMMONWEALTH REIT. ALL PERSONS DEALING WITH COMMONWEALTH REIT IN ANY WAY SHALL LOOK ONLY TO THE ASSETS OF COMMONWEALTH REIT FOR THE PAYMENT OF ANY SUM OR THE PERFORMANCE OF ANY OBLIGATION.

PROSPECTUS

CommonWealth REIT

Debt Securities, Common Shares of Beneficial Interest, Preferred Shares of Beneficial Interest, Depositary Shares and Warrants

We and our selling security holders may offer and sell, from time to time, in one or more offerings:

debt securities;

common shares;

preferred shares;

depositary shares; and

warrants.

These securities may be offered and sold separately or together in units with other securities described in this prospectus. Our debt securities may be senior or subordinated.

The securities described in this prospectus offered by us may be issued in one or more series or issuances. We or our selling security holders may offer and sell these securities to or through one or more underwriters, dealers and agents, or directly to purchasers, on a continuous or delayed basis. We will not receive any of the proceeds from the sale of securities by our selling security holders. We will provide the specific terms of any securities actually offered, the manner in which the securities will be offered and the identity of any selling security holders in supplements to this prospectus. You should carefully read this prospectus and the supplements before you decide to invest in any of these securities.

The applicable prospectus supplement will also contain information, where applicable, about United States federal income tax considerations and any listing on a securities exchange. Our common shares are listed on the New York Stock Exchange under the symbol "CWH."

Investment in any securities offered by this prospectus involves risk. See "Risk Factors" on page 1 of this prospectus, in our periodic reports filed from time to time with the Securities and Exchange Commission and in the applicable prospectus supplement.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful and complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is June 15, 2009.

TABLE OF CONTENTS

	Page
<u>About This Prospectus</u>	<u>(i)</u>
<u>Warning Concerning Forward Looking Statements</u>	<u>(ii)</u>
<u>Commonwealth REIT</u>	<u>1</u>
<u>Risk Factors</u>	<u>1</u>
<u>Use of Proceeds</u>	<u>1</u>
<u>Description of Debt Securities</u>	<u>1</u>
<u>Description of Shares of Beneficial Interest</u>	<u>11</u>
<u>Description of Depositary Shares</u>	<u>21</u>