

BioMed Realty Trust Inc
Form S-3ASR
August 31, 2012
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As filed with the Securities and Exchange Commission on August 31, 2012

Registration No. 333-

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form S-3
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

BioMed Realty Trust, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Maryland
(State or Other Jurisdiction of

20-1142292
(I.R.S. Employer

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Incorporation or Organization)

Identification Number)

17190 Bernardo Center Drive

San Diego, California 92128

(858) 485-9840

(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)

Alan D. Gold

Chairman and Chief Executive Officer

BioMed Realty Trust, Inc.

17190 Bernardo Center Drive

San Diego, California 92128

(858) 485-9840

(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent for Service)

Copy to:

Craig M. Garner, Esq.

Latham & Watkins LLP

12636 High Bluff Drive, Suite 400

San Diego, California 92130

(858) 523-5400

Approximate date of commencement of proposed sale to the public: From time to time after the effective date of this Registration Statement, as determined by market conditions.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box.

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If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement of the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a registration statement pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box.

If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer
 Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

CALCULATION OF REGISTRATION FEE

Title of	Amount	Proposed Maximum Offering Price	Proposed Maximum Aggregate Offering Price(2)	Amount of Registration Fee(2)
Securities Being Registered(1)	Registered(1) to be	Per Unit(2)		
Common Stock, \$0.01 par value per share	2,579,788			

- (1) This registration statement is filed pursuant to Rule 415(a)(6) under the Securities Act of 1933, as amended, and includes solely 2,579,788 shares of common stock that were previously registered by BioMed Realty Trust, Inc. on Registration Statement No. 333-178117, filed on November 22, 2011 and were not sold thereunder. This registration statement also includes an indeterminate number of shares which may be issued by BioMed Realty Trust, Inc. with respect to such shares of common stock by way of a stock dividend, stock split or in connection with a stock combination, recapitalization, merger, consolidation or otherwise.
- (2) Pursuant to Rule 415(a)(6) under the Securities Act of 1933, as amended, the filing fee of \$7,000.27 related to the 2,579,788 shares of common stock included in this registration statement that were previously registered by BioMed Realty Trust, Inc. on Registration Statement No. 333-178117, filed on November 22, 2011 and were not sold thereunder, will continue to be applied to such unsold securities. In accordance with Rule 415(a)(6), no registration fee is due and Registration Statement No. 333-178117 will be deemed terminated as of the date of effectiveness of this registration statement.

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PROSPECTUS

2,579,788 Shares

BioMed Realty Trust, Inc.

Common Stock

This prospectus relates to the possible issuance of up to 2,579,788 shares of our common stock in exchange for units representing limited partnership interests, or partnership units, in BioMed Realty, L.P., or our operating partnership, upon any redemption by one or more of the limited partners pursuant to their contractual rights, and the possible resale from time to time of some or all of such shares of common stock by the selling stockholders named in this prospectus. We are registering the applicable shares of our common stock to provide the selling stockholders with freely tradable securities. The registration of the shares of our common stock covered by this prospectus does not necessarily mean that any of the holders of partnership units will redeem their units, that upon any such redemption we will elect, in our sole and absolute discretion, to exchange some or all of the partnership units for shares of our common stock rather than cash, or that any shares of our common stock received in exchange for partnership units will be sold by the selling stockholders.

We will receive no proceeds from any issuance of the shares of our common stock covered by this prospectus to the selling stockholders or from any sale of such shares by the selling stockholders, but we have agreed to pay certain registration expenses.

Our common stock currently trades on the New York Stock Exchange, or NYSE, under the symbol BMR. On August 30, 2012, the last reported sales price of our common stock on the NYSE was \$18.52 per share.

You should consider the risks that we have described in Risk Factors beginning on page 2 before buying shares of our common stock.

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 or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is August 31, 2012

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<p>References in this prospectus to we, our, us and our company refer to BioMed Realty Trust, Inc., a Maryland corporation, BioMed Realty, L.P., and any of our other subsidiaries. BioMed Realty, L.P. is a Maryland limited partnership of which we are the sole general partner and to which we refer in this prospectus as our operating partnership.</p>	

You should rely only on the information contained in or incorporated by reference in this prospectus. We have not authorized anyone to provide you with information that is different from that contained in this prospectus. If anyone provides you with different or inconsistent information, you should not rely on it. You should assume that the information appearing in this prospectus, as well as information we previously filed with the Securities and Exchange Commission and incorporated herein by reference, is accurate only as of their respective dates or on other dates which are specified in those documents, regardless of the time of delivery of this prospectus or of any sale of the common stock. Our business, financial condition, results of operations and prospects may have changed since those dates.

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BIOMED REALTY TRUST

We operate as a fully integrated, self-administered and self-managed real estate investment trust, or REIT, focused on acquiring, developing, owning, leasing and managing laboratory and office space for the life science industry. Our tenants primarily include biotechnology and pharmaceutical companies, scientific research institutions, government agencies and other entities involved in the life science industry. Our properties are generally located in markets with well-established reputations as centers for scientific research, including Boston, San Francisco, San Diego, Maryland, New York/New Jersey, Pennsylvania and Seattle. At June 30, 2012, we owned or had interests in a property portfolio with an aggregate of approximately 13.0 million rentable square feet.

Our senior management team has significant experience in the real estate industry, principally focusing on properties designed for life science tenants. As of June 30, 2012, we had 170 employees.

Our principal offices are located at 17190 Bernardo Center Drive, San Diego, California 92128. Our telephone number at that location is (858) 485-9840. Our website is located at www.biomedrealty.com. The information found on, or otherwise accessible through, our website is not incorporated into, and does not form a part of, this prospectus or any other report or document we file with or furnish to the Securities and Exchange Commission.

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RISK FACTORS

*An investment in our common stock involves risks. You should carefully consider the risk factors incorporated by reference to our most recent Annual Report on Form 10-K and our subsequent Quarterly Reports on Form 10-Q, the risks discussed below and the other information contained in this prospectus, as updated by our subsequent filings under the Securities Exchange Act of 1934, as amended, or the Exchange Act, before exchanging partnership units for shares of our common stock or purchasing shares of our common stock from the selling stockholders. The occurrence of any of these risks might cause you to lose all or part of your investment in the offered securities. Please also refer to the section below entitled *Forward-Looking Statements*.*

Risks Related to Exchange of Partnership Units for Common Stock

The exchange of partnership units for our common stock is a taxable transaction.

The exchange of partnership units for shares of our common stock will be treated for United States federal income tax purposes as a taxable sale of the partnership units by the limited partner making the exchange. A limited partner will recognize gain or loss for United States federal income tax purposes in an amount equal to the difference between the amount realized by the limited partner in the exchange and the limited partner's adjusted tax basis in the partnership units exchanged. Generally, the amount realized by a limited partner on an exchange will be the fair market value of the shares of our common stock received in the exchange, plus the amount of our operating partnership's liabilities allocable to the partnership units being exchanged. The recognition of any loss resulting from an exchange of partnership units for shares of our common stock is subject to a number of limitations set forth in the Internal Revenue Code of 1986, as amended, or the Code. It is possible that the amount of gain recognized or the tax liability resulting from the gain could exceed the value of the shares of our common stock received upon the exchange. In addition, the ability of a limited partner to sell a substantial number of shares of our common stock in order to raise cash to pay tax liabilities associated with the exchange of our partnership units may be restricted and, as a result of stock price fluctuations, the price the holder receives for the shares of our common stock may not equal the value of the partnership units at the time of the exchange.

An investment in our common stock is different from an investment in partnership units.

If a limited partner exchanges his or her partnership units for shares of our common stock, he or she will become one of our stockholders rather than a limited partner in our operating partnership. Although the nature of an investment in our common stock is similar to an investment in partnership units, there are also differences between ownership of partnership units and ownership of our common stock. These differences include:

form of organization,

management control,

voting and consent rights,

liquidity, and

federal income tax considerations.

See *Exchange of Partnership Units for Common Stock*.

Risks Related to Ownership of Our Common Stock

The market price and trading volume of our common stock may be volatile.

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The market price of our common stock has been, and may continue to be, volatile. In addition, the trading volume in our common stock may fluctuate and cause significant price variations to occur. We cannot assure you that the market price of our common stock will not fluctuate or decline significantly in the future.

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Some of the factors that could negatively affect our share price or result in fluctuations in the price or trading volume of our common stock include:

actual or anticipated variations in our quarterly operating results or distributions,

changes in our funds from operations or earnings estimates,

publication of research reports about us or the real estate industry,

increases in market interest rates that lead purchasers of our shares to demand a higher yield,

changes in market valuations of similar companies,

adverse market reaction to any additional debt we incur or acquisitions we make in the future,

additions or departures of key management personnel,

actions by institutional stockholders,

speculation in the press or investment community,

the realization of any of the other risk factors presented in this report, and

general market and economic conditions.

Market interest rates may have an adverse effect on the market price of our securities.

One of the factors that will influence the price of our common stock and preferred stock will be the dividend yield on such stock (as a percentage of the price of the stock) relative to market interest rates. An increase in market interest rates may lead prospective purchasers of our common stock or our 7.375% Series A cumulative redeemable preferred stock, or Series A preferred stock, to expect a higher dividend yield, and higher interest rates would likely increase our borrowing costs and potentially decrease funds available for distribution. Thus, higher market interest rates could cause the market price of our common stock and Series A preferred stock to fall.

Future sales of shares of our common stock may depress the price of our shares.

We cannot predict whether future issuances of shares of our common stock or the availability of shares of our common stock for resale in the open market will decrease the market price per share of our common stock. Any sales of a substantial number of shares of our common stock in the public market, including upon the redemption of partnership units under this prospectus, or the perception that such sales might occur, may cause the market price of our common stock to decline. Any shares of common stock exchanged for partnership units or sold pursuant to this prospectus will be freely tradable without restriction (other than any restrictions set forth in our charter relating to our qualification as a REIT).

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The redemption of partnership units for common stock, the exercise of any options or the vesting of any restricted stock granted to directors, executive officers and other employees under our incentive award plan, the conversion or exchange of other convertible or exchangeable securities for common stock, the issuance of our common stock or partnership units in connection with property, portfolio or business acquisitions and other issuances of our common stock could have an adverse effect on the market price of the shares of our common stock, and the existence of partnership units, options and shares of our common stock reserved for issuance as restricted stock or upon redemption of partnership units or exercise, conversion or exchange of options or other convertible or exchangeable securities may adversely affect the terms upon which we may be able to obtain additional capital through the sale of equity securities. In addition, future sales of our securities may be dilutive to our stockholders and depress the market price of our common stock.

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Holders of our outstanding shares of preferred stock have, and holders of any future outstanding shares of preferred stock will have, liquidation, dividend and other rights that are senior to the rights of the holders of our common stock.

Our board of directors has the authority to designate and issue preferred stock with liquidation, dividend and other rights that are senior to those of our common stock. Our preferred stock, including our issued and outstanding shares of Series A preferred stock as well as any other shares of preferred stock that may be issued in the future, would receive, upon our voluntary or involuntary liquidation, dissolution or winding up, before any payment is made to holders of our common stock, their liquidation preferences as well as any accrued and unpaid distributions. These payments would reduce the remaining amount of our assets, if any, available for distribution to holders of our common stock.

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FORWARD-LOOKING STATEMENTS

This prospectus and the documents that we incorporate by reference herein contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 (set forth in Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Exchange Act). Also, documents we subsequently file with the Securities and Exchange Commission and incorporate by reference will contain forward-looking statements. In particular, statements pertaining to our capital resources, portfolio performance and results of operations contain forward-looking statements. Likewise, our pro forma financial statements and other pro forma information incorporated by reference and all our statements regarding anticipated growth in our funds from operations and anticipated market conditions, demographics and results of operations are forward-looking statements. Forward-looking statements involve numerous risks and uncertainties, and you should not rely on them as predictions of future events. Forward-looking statements depend on assumptions, data or methods which may be incorrect or imprecise, and we may not be able to realize them. We do not guarantee that the transactions and events described will happen as described (or that they will happen at all). You can identify forward-looking statements by the use of forward-looking terminology such as believes, expects, may, will, should, seeks, approximately, intends, plans, pro forma, estimates or anticipates or the negative of these words and words or phrases. You can also identify forward-looking statements by discussions of strategy, plans or intentions.

The following factors, among others, could cause actual results and future events to differ materially from those set forth or contemplated in the forward-looking statements:

adverse economic or real estate developments in the life science industry or in our target markets, including the inability of our tenants to obtain funding to run their businesses,

our dependence upon significant tenants,

our failure to obtain necessary outside financing on favorable terms or at all, including the continued availability of our unsecured line of credit,

general economic conditions, including downturns in the foreign, domestic and local economies,

volatility in financial and securities markets,

defaults on or non-renewal of leases by tenants,

our inability to compete effectively,

changes in interest rates and foreign currency exchange rates,

increased operating costs,

our inability to successfully complete real estate acquisitions, developments and dispositions,

risks and uncertainties affecting property development and construction,

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our failure to manage effectively our growth and expansion into new markets or to successfully operate acquired properties and operations,

our ownership of properties outside of the United States that subject us to different and potentially greater risks than those associated with our domestic operations,

risks associated with our investments in loans, including borrower defaults and potential principal losses,

reductions in asset valuations and related impairment charges,

the loss of services of one or more of our executive officers,

our failure to qualify or continue to qualify as a REIT,

our failure to maintain our investment grade credit ratings or a downgrade in our investment grade corporate credit ratings from one or more of the rating agencies,

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government approvals, actions and initiatives, including the need for compliance with environmental requirements,

the effects of earthquakes and other natural disasters,

lack of or insufficient amounts of insurance, and

changes in real estate, zoning and other laws and increases in real property tax rates.

While forward-looking statements reflect our good faith beliefs, they are not guarantees of future performance. We disclaim any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. For a further discussion of these and other factors that could impact our future results, performance or transactions, see the section of this prospectus above entitled Risk Factors, including the risks incorporated therein from our most recent Annual Report on Form 10-K and subsequent Quarterly Reports on Form 10-Q, as updated by our future filings.

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USE OF PROCEEDS

We are filing the registration statement of which this prospectus forms a part pursuant to our contractual obligation to the holders of our partnership units named in the section entitled Selling Stockholders. We will not receive any of the proceeds from the issuance of shares of our common stock to such holders or the resale of shares of our common stock from time to time by such holders.

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SELLING STOCKHOLDERS

The selling stockholders are the people or entities who may receive shares of our common stock registered pursuant to this registration statement upon exchange of partnership units. The following table provides the names of the selling stockholders, the maximum number of shares of our common stock issuable to such selling stockholders in the exchange and the aggregate number of shares of our common stock that will be owned by such selling stockholders after the exchange. The number of shares on the following table represents the number of shares of our common stock into which partnership units held by the selling stockholders are exchangeable. Since the selling stockholders may sell all, some or none of their shares, we cannot estimate the aggregate number of shares that the selling stockholders will offer pursuant to this prospectus or that the selling stockholders will own upon completion of the offering to which this prospectus relates.

The selling stockholders named below and their respective pledgees, donees and other successors in interest may from time to time offer the shares of our common stock offered by this prospectus:

Name	Shares of Our Common Stock and LTIP Units Owned Prior to the Exchange	Maximum Number of Shares of Our Common Stock Issuable in the Exchange and Available for Resale	Shares of Our Common Stock and LTIP Units Owned Following the Exchange ⁽¹⁾⁽²⁾		Maximum Number of Shares of Our Common Stock to be Resold	Shares of Our Common Stock and LTIP Units Owned after Resale ⁽²⁾⁽³⁾	
			Shares	Percent		Shares	Percent
Alan D. Gold ⁽⁴⁾	538,667 ⁽⁵⁾	1,041,742	1,580,409	1.1%	1,041,742	538,667	*
Gary A. Kreitzer ⁽⁶⁾	136,583 ⁽⁷⁾	642,528	779,111	*	642,528	136,583	*
SIXJWS, L.P. ⁽⁸⁾		425,073	425,073	*	425,073		*
SunMar Investments, Inc. ⁽⁹⁾		260,300	260,300	*	260,300		*
Ventanas Del Mar, L.P. ⁽¹⁰⁾		80,000	80,000	*	80,000		*
HW Investments, Inc. ⁽¹¹⁾		75,600	75,600	*	75,600		*
SciMed Prop III, Inc. ⁽¹²⁾		28,453	28,453	*	28,453		*
Glen P. Vieira		19,113	19,113	*	19,113		*
E. Duane Dobbs		6,979	6,979	*	6,979		*
Total		2,579,788			2,579,788		

* Less than 1%.

(1) Amounts assume that all partnership units are exchanged for shares of our common stock. The percentage ownership is determined for each selling stockholder by taking into account the issuance and sale of shares of our common stock issued in exchange for partnership units of only such selling stockholder. Amounts also assume that no transactions with respect to our common stock or partnership units occur other than the exchange.

(2) Based on a total of 154,334,988 shares of our common stock outstanding as of August 30, 2012.

(3) Assumes the selling stockholders sell all of their shares of our common stock offered pursuant to this prospectus. The percentage ownership is determined for each selling stockholder by taking into account the issuance and sale of shares of our common stock issued in exchange for partnership units of only such selling stockholder.

(4) Mr. Gold serves as our Chairman of the Board and Chief Executive Officer.

(5) Includes 90,200 long term incentive plan, or LTIP, units held by Mr. Gold directly.

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- (6) Mr. Kreitzer serves as our Executive Vice President and as a Director.
- (7) Includes 80,879 LTIP units held by Mr. Kreitzer directly.

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- (8) John F. Wilson, II exercises sole voting and investment power over the securities held by SIXJWS, L.P.
- (9) Messrs. Gold and Kreitzer have an interest in 161,894 and 98,406 units, respectively, held by SunMar Investments, Inc., over which Messrs. Gold and Kreitzer share voting and investment power.
- (10) Mr. Kreitzer has sole voting and investment power over the 80,000 units held by Ventanas Del Mar, L.P.
- (11) Mr. Vieira has sole voting and investment power over the 75,600 units held by HW Investments, Inc.
- (12) Messrs. Gold and Kreitzer have an interest in 17,144 and 11,309 units, respectively, held by SciMed Prop III, Inc., over which Messrs. Gold and Kreitzer share voting and investment power.

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PLAN OF DISTRIBUTION

This prospectus relates to:

the issuance by us of up to 2,579,788 shares of our common stock if, and to the extent that, the selling stockholders tender their partnership units for redemption and we elect, in our sole and absolute discretion, to exchange such partnership units for common stock in lieu of a cash redemption, and

the offer and sale from time to time of some or all of those 2,579,788 shares of common stock by the selling stockholders or their donees, pledgees, transferees and other successors in interest.

We are registering the shares of our common stock to provide the holders with freely tradable securities, but the registration of these shares does not necessarily mean that any of these shares will be offered or sold by the holders.

We will not receive any proceeds from the issuance of the shares of our common stock to the selling stockholders or from the sale of such shares by the selling stockholders, but we have agreed to pay the following expenses of the registration of such shares:

fees and disbursements of counsel and independent public accountants,

premiums and other costs of policies of insurance against liabilities arising out of the sale of any securities,

all registration, filing and stock exchange fees,

fees and expenses for complying with securities or blue sky laws,

fees and expenses of custodians, transfer agent and registrar, and

printing expenses, messenger and delivery expenses.

We have no obligation to pay any out-of-pocket expenses of the selling stockholders, transfer taxes, underwriting or brokerage commissions or discounts associated with the exchange of partnership units for our common stock or the resale of our common stock contemplated hereby.

The selling stockholders may from time to time sell the shares of our common stock covered by this prospectus directly to purchasers. Alternatively, the selling stockholders may from time to time offer such shares through dealers or agents, who may receive compensation in the form of commissions from the selling stockholders and from the purchasers of such shares for whom they may act as agent. The selling stockholders and any dealers or agents that participate in the distribution of such shares may be deemed to be underwriters within the meaning of the Securities Act, and any profit on the sale of our common stock by them and any commissions received by any of these dealers or agents might be deemed to be underwriting commissions under the Securities Act.

In connection with distribution of the shares of our common stock covered by this prospectus:

the selling stockholders may enter into hedging transactions with broker-dealers,

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the broker-dealers may engage in short sales of our common stock in the course of hedging the positions they assume with the selling stockholders,

the selling stockholders may sell our common stock short and deliver our common stock to close out these short positions,

the selling stockholders may enter into option or other transactions with broker-dealers that involve the delivery of our common stock to the broker-dealers, who may then resell or otherwise transfer our common stock, and

Cumulative Deficit	2,358	(156)	2,202	4,844	1,235 (574)	6,079 (574)
Net proceeds	2,358	(156)	2,202	4,844	661	5,505
Net profits percentage	95 %			95 %	95 %	95 %
Net profits income	\$ 2,240	\$	\$ 2,240	\$ 4,602	\$ 628	\$ 5,230

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Torch Energy Royalty Trust

Item 3. Quantitative and Qualitative Disclosures about Market Risk

The Trust is exposed to market risk, including adverse changes in commodity prices. The Trust's assets constitute Net Profits Interests in the Underlying Properties. As a result, the Trust's operating results can be significantly affected by fluctuations in commodity prices caused by changing market forces and the price received for production from the Underlying Properties.

All production from the Underlying Properties is sold pursuant to a Purchase Contract between TRC, Velasco and TEMI. Pursuant to the Purchase Contract, TEMI is obligated to purchase all net production attributable to the Underlying Properties for an Index Price, less certain other charges, which are calculated monthly. The Index Price calculation is based on market prices of oil and gas and therefore is subject to commodity price risk. The Purchase Contract provides a Minimum Price paid by TEMI for gas. The Minimum Price is adjusted annually for inflation and is \$1.83 per MMBtu for 2007 production and was \$1.80 per MMBtu for 2006 production. When TEMI pays a purchase price based on the Minimum Price, it receives Price Credits equal to the difference between the Index Price and the Minimum Price that it is entitled to deduct when the Index Price exceeds the Minimum Price. Additionally, if the Index Price exceeds the Sharing Price, TEMI is entitled to deduct such excess, the Price Differential. The Sharing Price is \$2.26 per MMBtu for 2007 production and was \$2.22 per MMBtu for 2006 production. The Purchase Contract expires upon termination of the Trust. Accordingly, when the Trust terminates, the working interest owners of the Underlying Properties are no longer obligated to sell the gas produced from the Underlying Properties pursuant to the Purchase Contract. Notwithstanding the termination of the Purchase Contract, the Trust believes that the Net Profits Interest will continue to burden the Underlying Properties for their remaining life and will continue to be calculated as if the Purchase Contract was still in effect, regardless of what proceeds may actually be received by the working interest owners as the seller of the gas. TEMI has an annual option to discontinue the Minimum Price commitment. However, if TEMI discontinues the Minimum Price commitment, it will no longer be entitled to deduct the Price Differential and will forfeit all accrued Price Credits. TEMI has not exercised its option to discontinue the Minimum Price Commitment.

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Torch Energy Royalty Trust

Item 4. Controls and Procedures

Based on their evaluation as of the end of the period covered by this quarterly report on Form 10-Q, the Trustee has concluded that the Trust's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities and Exchange Act of 1934) were effective as of the end of the period covered by this quarterly report on Form 10-Q. In its evaluation of disclosure controls and procedures, the Trustee has relied, to the extent considered reasonable, on information provided by Torch.

There were no significant changes in the Trust's internal control over financial reporting during the Trust's last fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Trust's internal control over financial reporting.

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Torch Energy Royalty Trust
PART II. OTHER INFORMATION

ITEM 1. Legal Proceedings

None.

ITEM 1A. Risk Factors

The risk factors from our annual report on Form 10-K and Form 10-K/A are supplemented by the following:

If the Trust terminates there is no assurance that the Trustee can sell the Net Profits Interests at all or that the Net Profits Interests will be sold for a certain amount.

The Trust will terminate on March 1 of any year if it is determined that the pre-tax future net cash flows, discounted at 10%, attributable to the estimated net proved reserves of the Net Profits Interests on the preceding December 31 are less than \$25.0 million. The pre-tax future net cash flows, discounted at 10%, attributable to estimated net proved reserves of the Net Profits Interests as of December 31, 2006 was approximately \$26.4 million. Such reserve report was prepared pursuant to Securities and Exchange Commission guidelines and utilized an unescalated Purchase Contract price (after gathering, treating and transportation fees) of \$4.06 per Mcf. The computation of the \$4.06 per Mcf Purchase Contract price was based on an unescalated Henry Hub spot price for natural gas on December 31, 2006 of \$5.64 per MMBtu. The December 31, 2006 reserve value was greater than \$25.0 million. Therefore, the Trust did not terminate as of March 1, 2007. In preparing the reserve report, the Purchase Contract Price was utilized for the life of the Underlying Properties because the Trust believes that the Net Profits Interest will continue to burden the Underlying Properties for their remaining life and will continue to be calculated as if the Purchase Contract was still in effect.

In addition, the Trust terminates upon an affirmative vote of the holders of not less than 66-2/3% of the then outstanding Units. In accordance with the provisions of the Trust Agreement, Trust Venture has requested that the Trustee call a meeting of the Unitholders to consider a proposal to terminate the Trust (see footnote 6). Due to limitations in the Trust Agreement and the other governing documents, neither the Trust nor Trustee is able to take positions on the value of the Units, including making recommendations in a tender offer or in connection with a Unitholder vote to terminate the Trust and are limited in this regard. Upon termination of the Trust, Article IX of the Trust Agreement requires that the Trustee sell the Net Profits Interests. The Trustee shall continue to act as the trustee of the estate of the Trust after termination and shall exercise the powers granted under the Trust Agreement until its duties have been fully performed and the estate of the Trust finally distributed so that the affairs of the Trust may be liquidated and wound up. No assurances

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Torch Energy Royalty Trust

can be given that the Trustee will be able to sell the Net Profits Interests, or the amounts that will be available to be distributed to Unitholders following such a sale. Such distributions could be below the market price of the Units. Upon making final distribution to the Unitholders and cancellation of the Trust, the Trustee shall not be under any further liability under the Trust Agreement.

ITEM 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

ITEM 3. Defaults upon Senior Securities

None.

ITEM 4. Submission of Matters to a Vote of Unitholders

None.

ITEM 5. Other Information

None

ITEM 6. Exhibits

(a) Exhibits

4. Instruments of defining the rights of security holders, including indentures.

4.1 Form of Torch Energy Royalty Trust Agreement. *

4.2 Form of Louisiana Trust Agreement. *

4.3 Specimen Trust Unit Certificate. *

4.4 Designation of Ancillary Trustee. *

31.1 Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

32.1 Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

* Incorporated by reference from Registration Statements on Form S-1 of Torch Energy Advisors Incorporated (Registration No. 33-68688)

dated
November 16,
1993.

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Torch Energy Royalty Trust
SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

TORCH ENERGY ROYALTY TRUST

By: Wilmington Trust Company,
not in its individual capacity but solely as
Trustee for the Trust

By: /s/ Bruce L. Bisson

Bruce L. Bisson
Vice President

Date: August 14, 2007

(The Trust has no employees, directors or executive officers.)

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**Torch Energy Royalty Trust
Exhibit Index**

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