

CommonWealth REIT  
Form DEFA14A  
March 03, 2014

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

**SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a) of  
the Securities Exchange Act of 1934**

Filed by the Registrant  Filed by a Party other than the Registrant   
Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only** (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material under §240.14a-12

**CommonWealth REIT**

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
  - (1) Title of each class of securities to which the transaction applies:
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  - (3) Per unit price or other underlying value of the transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
  - (4) Proposed maximum aggregate value of the transaction:
  - (5) Total fee paid:
- Fee paid previously with preliminary materials.

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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On March 3, 2014, Commonwealth REIT (the "Company"), issued the following press release in connection with a letter mailed to the Company's shareholders, including an investor presentation (the "Investor Presentation"). The Investor Presentation is also available on the Company's web site [www.cwhreit.com](http://www.cwhreit.com). Copies of the letter and the Investor Presentation are also attached hereto.

\* \* \* \* \*

### **FOR IMMEDIATE RELEASE**

#### **Commonwealth REIT Files Investor Presentation Outlining Commitment to and Successful Execution of Strategy to Create Long Term Shareholder Value**

*Board Sends Letter to Shareholders Urging Them to Oppose Related/Corvex's Attempt to Take Over the Company Without Paying Shareholders*

*Recommends that Shareholders Sign, Date and Mail the White Consent Revocation Card Today*

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Newton, MA (March 3, 2014): Commonwealth REIT (NYSE: CWH) today announced that it has made available to shareholders an investor presentation on the Company's website at [www.cwhreit.com](http://www.cwhreit.com). The presentation will also be filed with the U.S. Securities and Exchange Commission ("SEC") and will be available on the SEC's website at [www.sec.gov](http://www.sec.gov).

The Company also announced that it has mailed a letter to shareholders asking them to support the Board in its continued execution of the Company's strategic business plan, which is producing results as evidenced by CWH's strong fourth quarter performance, and opposed the ongoing efforts of Related Fund Management, LLC and Corvex Management LP ("Related/Corvex") to take control of the Company without paying shareholders.

Adam Portnoy, Managing Trustee and President of CWH, made the following statement regarding today's announcement:

"The Board and management remain committed to executing our business strategy, which is yielding benefits for all CWH shareholders, as evidenced by our fourth quarter results that exceeded expectations on almost every financial and operating metric.

"In contrast, we believe the scheme proposed by Related/Corvex is reckless and not in the best interests of shareholders. Related/Corvex have been relentlessly pursuing their hostile campaign to remove the entire CWH Board, without cause, and install their hand-picked replacement slate in order to take control of CWH without paying shareholders. Shareholders should carefully consider Related's abysmal track record of controlling publicly owned real estate companies and take into account the considerable shareholder value destruction that could ensue if the entire CWH Board is removed without cause, including possible rating agencies downgrades and loan defaults and possible actions by lenders.

"CWH shareholders are reminded that their vote is important, no matter how many or how few shares they own. We urge all shareholders to protect their investment by using the **WHITE** consent revocation card. Please do not return or otherwise vote any gold consent card sent to you by Related/Corvex, as we believe their effort to remove the entire CWH Board could destroy shareholder value."

The full text of the letter follows:

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*A Maryland Real Estate Investment Trust with transferable shares of beneficial interest listed on the New York Stock Exchange.  
No shareholder, Trustee or officer is personally liable for any act or obligation of the Trust.*

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March 3, 2014

To the shareholders of Commonwealth REIT:

**Protect the value of your investment. Please sign, date and return the enclosed WHITE consent revocation card today.**

Enclosed with this letter is a presentation which explains some of the reasons why we believe you should oppose the consent solicitation by Related Fund Management, LLC and Corvex Management LP ("Related/Corvex") to remove the entire Board of Commonwealth REIT ("CWH") without cause. We believe you should support the Board for the following reasons:

CWH's current business plan is delivering value for shareholders. CWH's Board and management are implementing a plan to transition CWH from a REIT which primarily owned suburban office and industrial properties into a REIT that owns high value office buildings in urban central business districts. Between 2008 and 2012, CWH acquired \$3.7 billion of properties, principally city center office towers at bargain prices. Simultaneously and continuing to this time, CWH has been selling its older, suburban office and industrial properties. CWH recently announced fourth quarter results that exceeded expectations on almost every financial and operating metric, with improving normalized FFO per share, leasing activity and same property results. Now that the business plan is beginning to yield long term benefits for all shareholders, we believe that Related/Corvex are attempting to seize control of CWH for short term profits.

The Related/Corvex plan for CWH is reckless, short term oriented and not credible. The Related/Corvex proposal appears to be to sell CWH's best performing properties, take on as much debt as possible and then use the sale and debt proceeds to buy back shares. This plan will put at risk CWH's dividends and investment grade debt ratings and is not likely to create the stable and growing cash flows which most REIT investors are seeking.

Related/Corvex are trying to seize control of CWH without paying anything to shareholders. In February 2013, Related/Corvex publicly announced that they were interested in purchasing all of CWH's shares at a premium. However, when the CWH Board pressed Related/Corvex for the details of an offer, Related/Corvex changed tactics. Instead of presenting a fully financed offer that would have been actionable by the Board and shareholders, Related/Corvex began their campaign to seize control of CWH by means of a written consent to remove the entire CWH Board, without cause, and install their hand-picked replacement board in order to take control of CWH without paying shareholders. Related has an abysmal track record of controlling publicly traded real estate companies. The only two times when the Related Companies have ever controlled publicly owned real estate companies, their stewardship caused shareholders to suffer substantial losses while Related benefitted:

American Mortgage Acceptance Company ("AMAC"). Jeff Blau, the CEO of the Related Companies, previously served simultaneously as an officer of the Related Companies and as Chairman and CEO of AMAC. During this time, he caused AMAC to make large subordinated loans to Related's affiliates. These loans soon defaulted and AMAC filed for bankruptcy a short time later, and all public shareholder value was lost.

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Centerline Holding Company (f/k/a "CharterMac"). While Steven Ross, the Chairman of the Related Companies, served on the board of CharterMac and shortly before Jeff Blau joined that board, Ross and Blau caused CharterMac to agree to pay the Related Companies or its affiliates about \$340 million to internalize management. Shortly thereafter, CharterMac suffered a spiral of operating losses, a 98% negative total return for public shareholders and CharterMac's shares were de-listed from the NYSE.

Removing the entire CWH Board by written consent, without cause, may destroy shareholder value. The removal of the entire Board would constitute an "event of default" under CWH's bank loan agreements giving lenders the right to accelerate debt maturities. It would also constitute a "fundamental change" under the terms of CWH's outstanding Series D convertible preferred securities triggering the right of holders to convert their preferred shares into common shares at a conversion rate which will be dilutive to common shareholders. If the Related/Corvex solicitation succeeds, CWH would be out of compliance with applicable NYSE and SEC requirements until a new Board is elected at a shareholders' meeting convened for that purpose in about 60-90 days. Also, competitor landlords and some tenants may try to take advantage of uncertainties affecting CWH's business if the Related/Corvex consent solicitation succeeds. CWH's management will do whatever it can to mitigate these risks; but, if the Related/Corvex consent solicitation succeeds, we believe rating agencies downgrades are likely, and the risk of actions by lenders and others may be material due to the reckless and short term oriented scheme put forward by Related/Corvex and Related's abysmal track record of running public real estate companies.

The CWH Board and management are fully committed to enhanced corporate governance and the alignment of interests with shareholders. The Board has taken significant actions in response to shareholder suggestions to move CWH to "best in class" in corporate governance and to enhance the alignment of the Board's and management's interests with those of shareholders', including: increasing the Board's size and strengthening its independence; committing to create a Board position of Lead Independent Trustee once the expansion of the Board is complete; requiring Trustee ownership of approximately \$500,000 of CWH shares; and changing management compensation so that a significant amount will be determined based upon shareholders' total return over a three year period and will be paid in restricted shares that vest over a multi-year period. The Board has even extended an offer of Board representation to Keith Meister of Corvex to end the expense and distraction caused by the Related/Corvex hostile takeover efforts; but this offer was rejected, apparently because it would not have afforded Related/Corvex immediate and complete control of CWH for their own benefit.

Thank you for taking the time to read this letter and the enclosed presentation.

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Please SIGN, DATE and RETURN the WHITE consent revocation card enclosed with this letter. Please discard the Related/Corvex gold card.

Sincerely,

The Commonwealth REIT  
Board of Trustees

Ronald Artinian  
William Lamkin  
Ann Logan  
Joseph Morea  
Adam Portnoy  
Barry Portnoy  
Frederick Zeytoonjian

Commonwealth REIT is a real estate investment trust that primarily owns office properties located throughout the United States. CWH is headquartered in Newton, MA.

### **WARNING REGARDING FORWARD LOOKING STATEMENTS**

THIS PRESS RELEASE INCLUDES FORWARD LOOKING STATEMENTS WITHIN THE MEANING OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995 AND OTHER SECURITIES LAWS. THESE FORWARD LOOKING STATEMENTS ARE BASED UPON CWH'S PRESENT BELIEFS AND EXPECTATIONS, BUT THEY ARE NOT GUARANTEED TO OCCUR AND MAY NOT OCCUR FOR VARIOUS REASONS, INCLUDING SOME REASONS BEYOND CWH'S CONTROL.

### **ADDITIONAL INFORMATION REGARDING THE CONSENT SOLICITATION**

CWH, its Trustees and certain of its executive officers, and Reit Management & Research LLC and certain of its directors, officers and employees may be deemed to be participants in the solicitation of consent revocations from shareholders in connection with the solicitation being conducted by Related/Corvex. On January 29, 2014, CWH filed a definitive consent revocation statement with the SEC in response to the Related/Corvex solicitation and has mailed the definitive consent revocation statement and form of WHITE consent revocation card to each shareholder entitled to deliver a written revocation in connection with the consent solicitation. SHAREHOLDERS ARE URGED TO READ THE DEFINITIVE CONSENT REVOCATION STATEMENT FILED WITH THE SEC, AND ANY AMENDMENTS OR SUPPLEMENTS THERETO AND ANY OTHER RELEVANT DOCUMENTS THAT CWH MAY FILE WITH THE SEC WHEN THEY BECOME AVAILABLE, BECAUSE THEY CONTAIN IMPORTANT INFORMATION. Additional information regarding the identity of the potential participants and their direct or indirect interests, by share holdings or otherwise, is set forth in the definitive consent revocation statement filed by CWH with the SEC in connection with the solicitation of revocations of consents.

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### **Contacts**

#### Media Contacts:

Joele Frank Wilkinson Brimmer Katcher  
Andrew Siegel/Jonathan Keehner  
212-355-4449

or

#### Investor Contacts:

CommonWealth REIT  
Timothy Bonang, Vice President, Investor Relations  
Jason Fredette, Director, Investor Relations  
617-796-8222  
[www.cwhreit.com](http://www.cwhreit.com)

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March 3, 2014

To the shareholders of Commonwealth REIT:

**Protect the value of your investment. Please sign, date and return the enclosed WHITE consent revocation card today.**

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The Related/Corvex plan for CWH is reckless, short term oriented and not credible. The Related/Corvex proposal appears to be to sell CWH's best performing properties, take on as much debt as possible and then use the sale and debt proceeds to buy back shares. This plan will put at risk CWH's dividends and investment grade debt ratings and is not likely to create the stable and growing cash flows which most REIT investors are seeking.

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Thank you for taking the time to read this letter and the enclosed presentation.

**Please SIGN, DATE and RETURN the WHITE consent revocation card enclosed with this letter.** Please discard the Related/Corvex gold card.

Sincerely,

The Commonwealth REIT  
Board of Trustees

Ronald Artinian  
William Lamkin  
Ann Logan  
Joseph Morea  
Adam Portnoy  
Barry Portnoy  
Frederick Zeytoonjian

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**Your Vote Is Important, No Matter How Many Shares You Own.**

If you have questions about how to vote your shares on the **WHITE** CONSENT REVOCATION CARD, or need additional assistance, please contact the firm assisting us in the solicitation of consent revocations:

**Morrow & Co., LLC  
470 West Avenue  
Stamford, CT 06902**

**Shareholders Call Toll Free: (800) 276-3011  
(Banks and brokers call collect at (203) 658-9400)**

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