

CommonWealth REIT  
Form DFAN14A  
February 28, 2014

**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 Pursuant to §240.14a-12

**COMMONWEALTH REIT**

(Name of the Registrant as Specified In Its Charter)

**CORVEX MANAGEMENT LP**

**KEITH MEISTER**

**RELATED FUND MANAGEMENT, LLC**

**RELATED REAL ESTATE RECOVERY FUND GP-A, LLC**

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**RELATED REAL ESTATE RECOVERY FUND GP, L.P.**

**RELATED REAL ESTATE RECOVERY FUND, L.P.**

**RRERF ACQUISITION, LLC**

**JEFF T. BLAU**

**RICHARD O TOOLE**

**DAVID R. JOHNSON**

**JAMES CORL**

**EDWARD GLICKMAN**

**PETER LINNEMAN**

**JIM LOZIER**

**KENNETH SHEA**

**EGI-CW HOLDINGS, L.L.C.**

**DAVID HELFAND**

**SAMUEL ZELL**

(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 transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of 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 transaction:

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(5) Total fee paid:

.. Fee paid previously with preliminary materials.

.. Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

The Choice Is Clear  
Vote the **GOLD**  
Consent Card  
February 27, 2014  
ATTENTION  
COMMONWEALTH  
REIT  
SHAREHOLDERS  
The  
Time  
To  
Act  
Is  
Now  
The Consent Solicitation To Remove The Current Board  
Must  
Be

Concluded

No

Later

Than

March

20

Please

Sign,

Date

And

Return

The

GOLD

Consent

Card

Today

To Ensure Your Vote Is Counted By The March 20 Deadline

A Non-vote Is A Vote To Retain The Current Underperforming Board

2  
The Choice Is Clear  
The Case for Change Now  
Corvex and Related are undertaking this consent solicitation to remove the entire Board of  
Trustees  
of  
Commonwealth  
REIT  
( Commonwealth,

CWH  
or  
the  
Company )  
due  
to  
fundamental conflicts of interest, and to subsequently elect a highly qualified new Board  
of Trustees led by Sam Zell  
See footnotes on p. 10.  
Corvex and Related believe removal of the current Board will unlock substantial value for  
all  
shareholders,  
and  
estimate  
current  
Net  
Asset  
Value  
(4)  
to  
be  
approximately  
\$35  
per  
share in such a scenario, 34% higher than the closing price on Feb. 25, 2014 and 51% higher  
than  
on  
Jan.  
28,  
2014,  
the  
date  
we  
filed  
definitive  
solicitation  
materials  
with  
the  
SEC  
Additional information can be found at [www.shareholdersforcommonwealth.com](http://www.shareholdersforcommonwealth.com)  
As Chairman of CWH, Mr. Zell would bring an outstanding track record of value creation  
for  
the  
benefit  
of  
all  
CWH  
shareholders  
Sam Zell is recognized as a founding father of today's public real estate industry after

creating three of the most successful REITs in history: Equity Office Properties Trust ( EOP ), Equity Residential ( EQR ), and Equity LifeStyle Properties ( ELS )

CWH  
stock  
price  
plummeted  
68%  
during  
2007-2013

(2)  
while  
annual  
fees  
paid  
to  
RMR  
increased  
40%

(3)  
Barry  
and  
Adam  
Portnoy  
effectively  
control  
CWH

despite  
owning  
virtually  
no  
stock,  
with the  
fees  
they  
pay  
themselves  
through  
RMR

(1)  
being  
their  
only  
meaningful  
economic  
interest in the Company



The Choice Is Clear: CWH Shareholders Can Choose Value  
Creation or Value Destruction

Sam Zell's Unrivaled Track Record for Value Creation:

Total  
Return  
Performance

Zell-Chaired  
REITs  
vs.

CWH

vs.

RMR

Fees

(1)

3

Cumulative total returns

Zell-Chaired REITs

CWH

Variance

Timeframe

EOP

368%

103%

(265%)

7/7/1997 -

2/9/2007

EQR

422%

7%

(415%)

7/7/1997 -

2/25/2013

ELS

574%

7%

(567%)

7/7/1997 -

2/25/2013

(\$100)

\$0

\$100

\$200

\$300

\$400

\$500

\$600

\$700

\$800

(100%)

0%

100%

200%

300%

400%

500%

600%

700%

800%

1997

2000

2003

2006

2009

2012

CWH

EOP

EQR

ELS

Cumulative RMR

Fees

EOP:

368%

CWH: 7%

EQR:

422%

ELS:

574%

1997: \$791 million

(1)

Note: Total returns calculated from 7/7/1997 (the earliest date on which the Zell-chaired REITs and CWH were all public) to Related first publicly announced their intent to effect change at CWH in their initial 13-D filing with the SEC). Total returns are reinvested in the company's stock.

(1)

2013 RMR fees reflect annualized YTD 9/30/2013 figures. Q3 2013 RMR fees include fees paid by Select Income REIT, of common shares, to make the figure comparable to historically disclosed figures.

Sources: Company filings, SNL

Cumulative

RMR

fees

since

4  
The Choice Is Clear  
The Case for Removal: Abysmal Performance  
While  
the  
stock  
price  
plummeted  
68%

during  
2007-2013

(1)  
,  
annual  
fees  
paid  
to  
RMR,  
the  
external  
manager  
wholly-owned  
by  
Barry  
and  
Adam  
Portnoy,  
increased  
40%  
(2)

,  
as  
RMR s  
fees  
are  
linked  
primarily  
to  
the  
size  
of  
the  
Company  
rather  
than  
to  
profitability  
for  
shareholders  
Over  
the  
1  
year,  
2  
years,  
3  
years,  
5  
years,

and  
10  
years  
ended  
February  
25,  
2013  
(3)

,  
the stock  
price declined -17%, -45%, -43%, -45%, and -53%, respectively

The  
Portnoys  
effectively  
control  
CWH  
despite  
owning  
virtually

no  
stock,

with  
the  
fees

they  
pay

themselves through RMR being their only meaningful economic interest in the Company

CWH's performance record is abysmal by almost any metric over any relevant  
time period, in our view, but all the while the Portnoys have continued with  
impunity to line their pockets

Shareholders can now take back Commonwealth, choose a new, truly  
independent Board led by Sam Zell, and unlock the substantial value trapped as  
a result of CWH's conflicted external management structure

(1)

Assumes 2013 share price as of 2/25/2013, last trading day before Corvex and Related first publicly announced their intent to  
filing with the SEC.

(2)

RMR

fees

paid

per

CWH

public

filings

include

Select

Income

REIT,

of

which

CWH  
owns  
44%  
of  
the  
outstanding  
common  
shares.

YTD  
9/30/13  
figures  
annualized

to  
arrive at full year 2013 estimate.

(3)

Last trading day before Corvex and Related first publicly announced their intent to effect change at CWH in their initial 13-D f

5  
The Choice Is Clear  
The Portnoys  
Record of Trampling on Corporate Democracy  
Imposed illegal bylaw amendments and procedural hurdles, later declared invalid, that would  
have made it impossible to even hold the current vote, even though this right has been plainly  
granted by CWH's Declaration of Trust since 1986  
Secretly attempted to manipulate state lawmakers into changing the Maryland Unsolicited  
Takeover  
Act



via  
an  
11  
hour  
amendment  
to  
eliminate  
the  
right  
to  
hold  
this  
vote

Spent nearly \$30 million of shareholders  
money on a year-long litigation process in a brazen  
campaign to systematically deprive shareholders of their right to a fair vote  
Reinstated Trustee Joseph Morea after he received the vote of only 14% of the outstanding  
shares at the 2013 annual meeting  
Effectuated a massively dilutive equity offering priced at less than 50% of book value, increasing  
share count by 41%, and destroying \$6 per share of value, in our  
view

Opted into a provision of the Maryland Unsolicited Takeover Act in a misleading attempt, later  
declared invalid, to try to eliminate the right to remove Trustees without cause

The Portnoys

Actions Speak Louder Than Our Words Ever Could

The  
Portnoy  
Board

has  
gone  
to  
extraordinary  
lengths  
to  
eliminate

your  
right  
to  
simply vote on their removal, entrenching themselves at the expense of CWH  
shareholders

and  
protecting  
RMR's  
annual  
\$84  
million

(1)  
fee  
stream

Over the past year, the Board:

(1)  
Represents  
estimate  
of  
2013  
RMR  
fees  
derived  
by  
annualizing  
YTD  
9/30/2013  
figures.  
Q3  
2013  
RMR  
fees  
include  
fees  
paid  
by  
Select  
Income  
REIT,  
of  
which  
CWH  
owns  
44% of the outstanding common shares, to make the figure comparable to historically disclosed figures.  
th

6

The Choice Is Clear: Independent Third Parties Agree  
The Portnoys Receive an F

New York Times

The deal world remained muted this year in terms of big transactions and activity.  
Despite the relative doldrums, there were still some highlights and lowlights. Here  
are some of them  
The

father  
and  
son  
duo  
who  
head  
CommonWealth

Barry  
and  
Adam  
Portnoy

and  
CommonWealth's counsel at Skadden Arps showed little regard for shareholder rights,  
doing  
everything  
in  
their  
power  
to  
prevent  
Corvex  
Management  
and  
the  
Related  
Companies from removing the Portnoys. The Portnoys banked on Commonwealth's  
unique  
requirement  
that  
shareholders  
arbitrate  
all  
disputes  
with  
the  
company  
to  
stymie  
the  
two  
hedge  
funds.  
It  
didn't  
work,  
and  
the  
arbitration

panel  
ruled  
against  
CommonWealth,  
clearing  
the  
way  
for  
the  
funds  
to  
begin  
a  
campaign  
to  
unseat  
them.  
The Portnoys receive an F.  
Despite  
Doldrums  
in  
Deal  
Activity,  
A  
Few  
Highlights  
This  
Year,  
New  
York  
Times,  
December 17, 2013

7

The Choice Is Clear: A New Path

Sam Zell & David Helfand Have Joined Corvex/Related's Slate of Nominees

Mr. Zell is willing to serve as Chairman of the Board, if so appointed by the new Board

Mr. Zell is the current Chairman of Equity Residential, Equity LifeStyle Properties, Covanta Holding Corporation and Anixter International Inc. and the former Chairman of Equity Office Properties Trust (formerly the largest REIT in the U.S.)

Mr. Helfand is willing to serve as CommonWealth's CEO, if so appointed by the new Board

Mr. Helfand is Co-President of Equity Group Investments and has previously served as Executive Vice President and Chief Investment Officer of Equity Office Properties Trust and President and CEO of Equity LifeStyle Properties

Mr. Zell and Mr. Helfand bring exceptional credentials as well as a business philosophy that includes:

A core operating principle of aligning interests between company leadership and shareholders

A conviction that an internal management structure promotes incentives to build successful companies for the long-term creation of shareholder value, while external management structures are flawed given inherent conflicts of interest

A belief that a public company's fiduciary responsibility to its

shareholders

is

paramount

Sam Zell is recognized as a founding father of today's public real estate industry after creating three of the most successful REITs in history: Equity Office Properties Trust ( EOP ), Equity Residential ( EQR ), and Equity LifeStyle Properties ( ELS )



8

The Choice Is Clear

CommonWealth Shareholders Have a Choice Between Two Paths

The Portnoys

path of conflicted external management, value destruction, and  
the absence of accountability, with which CWH shareholders are all too familiar

OR

Sam Zell's path of aligned internal management and accountability that fosters  
the

incentives

critical  
to  
building  
a  
successful  
company  
focused  
on  
the  
long-  
term creation of shareholder value

As  
shown  
in  
the  
chart  
on  
page  
3,  
even  
including  
dividends

paid  
on  
CWH  
stock  
(1)

,  
CWH  
shareholders experienced a cumulative total return of a mere 7% over a nearly 16-year  
span

(2)  
during  
which  
time

CWH  
paid  
RMR  
approximately  
\$800  
million

(3)  
in  
fees

In a glaring contrast, Sam Zell's track record speaks for itself: Mr. Zell created 3 of the most  
successful REITs in history

As shown in the chart on page 3, we believe Mr. Zell's chairmanship of EOP, EQR, ELS has  
unquestionably maximized value for shareholders over the same 16-year period in which

CWH generated 7% returns

The

Time  
to  
Act  
is  
NOW

Vote  
the  
GOLD  
Card  
Today

A  
Non-vote  
is  
a  
Vote  
for  
the  
Portnoys

Shareholders finally have an ability to choose Value Creation over Value Destruction  
Dividends are assumed to have been reinvested in CWH stock.

From 7/7/1997 (the earliest date on which the Zell-chaired REITs and CWH were all public) to 2/25/2013 (last trading day before  
announced their intent to effect change at CWH in their initial 13-D filing with the SEC.).

2013 full year RMR fees derived by annualizing YTD 9/30/2013 figures. Q3 2013 RMR fees include fees paid by Select Income  
outstanding common shares, to make the figure comparable to historically disclosed figures.

- (1)
- (2)
- (3)

9  
The Choice Is Clear  
Voting Instructions  
The  
Time  
to  
Act  
is  
Now  
Please

Sign,  
Date  
and  
Return  
the  
GOLD  
Consent  
Card  
Today  
A Non-vote is a Vote for the Portnoys  
Place  
your  
vote  
now  
to  
remove  
the  
entire  
Board  
of  
Trustees  
Please  
note  
that  
internet  
voting  
is  
NOT  
available  
-  
Shareholders  
must  
sign,  
date  
and  
return the  
GOLD  
Consent Card in the pre-paid return envelopes provided  
If  
you  
need  
assistance  
in  
executing  
your  
GOLD  
consent  
card  
or  
placing

your  
vote,  
please  
call our proxy solicitor:

D.F. King & Co., Inc., at (800) 714-3313

Without complete removal, the remaining Trustees would be able to unilaterally  
reinstate a removed Trustee as they did just last year or fill vacancies on the Board  
without input from the true owners of the company the shareholders

10

Footnotes

Footnotes to p. 2

(1)

RMR is CWH's external manager, owned 100% by Barry and Adam Portnoy.

(2)

Assumes 2013 share price as of 2/25/2013, last trading day before Corvex and Related first publicly announced their intent to effect change at CWH in their initial 13-D filing with the SEC.

(3)

2013 RMR fees reflect annualized YTD 9/30/2013 figures. Q3 2013 RMR fees include fees paid by Select Income REIT,

of which CWH owns 44% of the outstanding common shares, to make the figure comparable to historically disclosed figures.

(4)

Represents estimate of private market value of all properties owned by CWH as disclosed in 9/30/13 10-Q filing, adjusted for recent asset sales reported in the media. Additional detail behind our NAV estimate is provided on page 71 of Corvex and Related's *Updated Presentation to Shareholders, The Case for Change Now at CWH*, February 13, 2014. This presentation has been filed with the SEC and can also be found at [www.shareholdersforcommonwealth.com](http://www.shareholdersforcommonwealth.com).



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Disclaimer

Additional Information Regarding the Solicitation

The following persons are participants in connection with the solicitation of Commonwealth REIT shareholders: Corvex Man

Related

Fund

Management,

LLC,

Related

Real

Estate  
Recovery  
Fund  
GP-A,  
LLC,  
Related  
Real  
Estate  
Recovery  
Fund  
GP,  
L.P.,  
Related  
Real  
Estate

Recovery Fund, L.P., RRERF Acquisition, LLC, Jeff T. Blau, Richard O Toole, David R. Johnson, James Corl, Edward Glick  
Lozier, Kenneth Shea, EGI-CW Holdings, L.L.C., David Helfand and Samuel Zell. Information regarding the participants in the  
description  
of  
their  
direct  
and  
indirect  
interests,  
by  
security  
holdings  
or  
otherwise,  
to  
the  
extent  
applicable,  
is  
available  
in  
the  
definitive  
solicitation

statement filed with the SEC on January 28, 2014 and Supplement No. 1 thereto filed on February 13, 2014.

This presentation does not constitute either an offer to sell or a solicitation of an offer to buy any interest in any fund associated  
( Corvex ) or Related Fund Management, LLC ( Related ). Any such offer would only be made at the time a qualified offer  
memorandum and related subscription documentation.

The information in this presentation is based on publicly available information about CommonWealth REIT (the Company )  
forward-looking statements, estimates and projections prepared with respect to, among other things, general economic and market  
management, changes in the composition of the Company's Board of Trustees, actions of the Company and its subsidiaries or  
implement business strategies and plans and pursue business opportunities. Such forward-looking statements, estimates, and projections  
assumptions concerning anticipated results that are inherently subject to significant uncertainties and contingencies and have been  
illustrative purposes, including those risks and uncertainties detailed in the continuous disclosure and other filings of the Company  
available on the U.S. Securities and Exchange Commission website at [www.sec.gov/edgar](http://www.sec.gov/edgar). No representations, express or implied

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Corvex

Management

LP

and

Related

Fund

Management,

LLC

have

filed

a

definitive

solicitation

statement

with

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Securities

and

Exchange

Commission

(the

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to

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solicit

consents

to

remove

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entire

board

of

trustees

of

Commonwealth

REIT

(the

Removal

Proposal ),

and

(2)

elect

a

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late  
of  
new  
trustees  
at  
a  
special  
meeting  
of  
shareholders  
that  
must  
be  
promptly  
called  
in  
the  
event  
that  
the  
Removal  
Proposal  
is  
successful.

Investors  
and security holders are urged to read the definitive solicitation statement and other relevant documents because they contain information regarding the solicitation.

The  
definitive  
solicitation  
statement  
and  
all  
other  
relevant  
documents  
are  
available,  
free  
of  
charge,  
on  
the  
SEC's  
website  
at  
[www.sec.gov](http://www.sec.gov).