

CommonWealth REIT  
Form DFAN14A  
January 16, 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**

(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.
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  - (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:
  
  
  
  
  
  
  
  
  
  
  - (5) Total fee paid:

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- .. 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:

This filing contains (1) a press release issued by Corvex Management LP and Related Fund Management, LLC on January 16, 2014 and (2) updated slides of the presentation filed by Corvex Management LP and Related Fund Management, LLC on December 18, 2013.

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**CORVEX AND RELATED ANNOUNCE BOARD SLATE TO BE NOMINATED AT  
SPECIAL MEETING OF COMMONWEALTH REIT SHAREHOLDERS**

**NEW YORK, January 16, 2014** Corvex Management LP ( Corvex ) and Related Fund Management, LLC ( Related ), whose separately managed investment funds collectively own approximately 9.6% of the outstanding shares of Commonwealth REIT (NYSE:CWH), today announced that they intend to nominate a slate of five highly qualified trustees for consideration by Commonwealth shareholders: James Corl, Edward Glickman, Peter Linneman, Jim Lozier, and Kenneth Shea.

As previously announced, Corvex and Related have commenced the process to launch a new consent solicitation to remove the entire Board of Trustees of Commonwealth in accordance with the rules implemented by the Arbitration Panel ruling on November 18, 2013. To that end, Corvex and Related will file today revised preliminary consent solicitation materials with the Securities and Exchange Commission. Corvex and Related will request a record date for the new solicitation by February 16, 2014.

Keith Meister of Corvex and Jeff T. Blau of Related, said:

After consulting with fellow shareholders, we are excited to propose a strong slate of nominees with significant, relevant real estate industry expertise, who we are confident have the track records and corporate leadership experience to create significant, long-term value for Commonwealth and all of its shareholders. Our slate of truly independent, accountable trustees will enable us to achieve our sole goal from the beginning ceasing the value destruction caused by the Portnoys and enabling Commonwealth shareholders to take back their company. The holders of more than 70% of the outstanding shares previously supported our proposal to remove the entire Commonwealth Board of Trustees and we expect the same level of support for our consent solicitation.

Recently, Commonwealth has conveniently unveiled various reversible, check the box governance alterations that in our view do not give shareholders the ability to hold RMR accountable for its underperformance and enable the Portnoys to retain control of Commonwealth, despite their owning virtually no stock. Further, we firmly believe that the two recently-appointed Trustees will be no more independent than the other Trustees, having been hand-picked by the same Board who supported every appalling action taken by the Portnoys over the past year to impede the will of Commonwealth's shareholders. Among others, these actions include passing illegal bylaw amendments, which were rejected by the Arbitration Panel, and reinstating Trustee Joe Morea after only 14% of the outstanding shares were voted for him at the 2013 annual meeting, and then selecting him to spearhead Commonwealth's efforts to improve governance. As long as the Portnoys maintain control of Commonwealth via their conflicted management structure, Commonwealth will continue its long-term track record of underperformance and value destruction.

### **Additional Information on the Nominees**

James Corl. James Corl has been a Managing Director at Siguler Guff & Company since 2009, and is the Head of Real Estate. Mr. Corl oversees the Firm's real estate investment activities, setting investment strategy, designing and constructing the portfolio, identifying potential investments, and negotiating investment terms and conditions. Prior to joining Siguler Guff, Mr. Corl spent 13 years in the REIT investment industry, most recently as Chief Investment Officer for all of the real estate activities of Cohen & Steers, Inc., a leading investor in global real estate securities. While at Cohen & Steers, Inc. Mr. Corl was directly responsible for over \$30 billion of client assets invested in mutual funds and institutional separate accounts around the world. As an Associate with the Real Estate Investment Banking group at Credit Suisse First Boston, Mr. Corl was involved in acquiring portfolios of non-performing loans and distressed real estate assets for CSFB's Praedium Real Estate Recovery Fund, as well as restructuring troubled real estate companies as publicly traded REITs.

Edward Glickman. Edward Glickman is the Executive Director of the Center for Real Estate Finance Research and Clinical Professor of Finance at New York University Stern School of Business, and has been a Professor at the Stern School of Business since 2006. Mr. Glickman is also currently the Executive Chairman of FG Asset Management US, an alternative asset manager serving Korean investors, and is a Senior Advisor for Econsult Solutions, Inc., an econometric consulting firm. From 2004 to 2012 Mr. Glickman served as President and Chief Operating Officer of the Pennsylvania Real Estate Investment Trust, where he oversaw all operating functions and was a member of its Board of Trustees. Mr. Glickman has more than 30 years of experience in the real estate and financial services industry having been previously employed by The Rubin Organization, Presidential Realty Corporation, Shearson Lehman Brothers and Smith Barney. Mr. Glickman is a Fellow of the Royal Institute of Chartered Surveyors, a Certified Treasury Professional and a Registered Securities Principal.

Peter Linneman. From 1979 to 2011, Dr. Linneman was a Professor of Real Estate, Finance and Public Policy at the University of Pennsylvania, Wharton School of Business and is currently an Emeritus Albert Sussman Professor of Real Estate there. Dr. Linneman is currently a principal of Linneman Associates, a real estate advisory firm, and a principal of American Land Funds, a private real estate acquisition fund. For more than 35 years he has advised leading corporations and served on over 20 public and private boards, including serving as Chairman of Rockefeller Center Properties, where he led the successful restructuring and sale of Rockefeller Center in the mid-1990s. Dr. Linneman has won accolades from around the world, including PREA's prestigious Graaskamp Award for Real Estate Research, Wharton's Zell-Lurie Real Estate Center's Lifetime Achievement Award, Realty Stock Magazine's Special Achievement Award, and has been named "One of the 25 Most Influential People in Real Estate" by Realtor Magazine and was included in The New York Observer's "100 Most Powerful People in New York Real Estate."

Jim Lozier. Jim Lozier served as co-founder and CEO of Archon Group L.P. from its formation in 1996 until 2012. Archon, a wholly owned subsidiary of Goldman Sachs, is a diversified international real estate services and advisory company that under Mr. Lozier's leadership managed 36,000 assets with a gross value of approximately \$59 billion and over 8,500 employees in offices located in Washington D.C., Los Angeles, Dallas, Boston, Asia and Europe. Prior to the formation of Archon, Mr. Lozier was an employee of the J.E. Robert Company and was responsible for managing the Goldman Sachs/J.E. Robert joint venture for two years. Mr. Lozier directed the acquisition efforts of the joint venture between GS and JER from 1991-1995.

Jim has served on the Board of Directors of Dallas CASA (Court Appointed Special Advocates for Children) since 1999, and currently is on the Executive Committee and is heading CASA's capital campaign.

Kenneth Shea. Kenneth Shea is the President of Coastal Capital Management LLC, an affiliate of Coastal Development, LLC, a New York-based privately-held developer of resort destinations, luxury hotels and casino gaming facilities. Prior to joining Coastal in September 2009, from July 2008 to August 2009, Mr. Shea was a Managing Director for Icahn Capital LP, where Mr. Shea had responsibility for principal investments in the gaming and leisure industries. From 1996 to 2008, Mr. Shea was employed by Bear, Stearns & Co., Inc., where he was a Senior Managing Director and global head of the Gaming and Leisure investment banking department. At Bear, Stearns, Mr. Shea played an active role on over \$55 billion of M&A and capital raising transactions for many of the leading public companies in the gaming and leisure sector including Harrah's Entertainment, Inc., Station Casinos Inc., Penn National Gaming Inc., Las Vegas Sands Corp., Wynn Resorts Ltd., and Carnival Corp. Mr. Shea currently serves on the board of directors of CVR Refining, LP.

### **Additional Information Regarding the Solicitation**

Corvex Management LP and Related Fund Management, LLC have filed a preliminary solicitation statement with the Securities and Exchange Commission (the "SEC") to (1) solicit consents to remove the entire board of trustees of Commonwealth REIT (the "Removal Proposal"), and (2) elect five 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 preliminary solicitation statement in its entirety, and the definitive solicitation statement and other relevant documents when they become available, because they will contain important information regarding the solicitation.** The preliminary and definitive solicitation statement and all other relevant documents will be available, free of charge, on the SEC's website at [www.sec.gov](http://www.sec.gov).

The following persons are participants in connection with the solicitation of Commonwealth REIT shareholders: Corvex Management LP, Keith Meister, 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 Glickman, Peter Linneman, Jim Lozier and Kenneth Shea. Information regarding the participants in the solicitation and a description of their direct and indirect interests, by security holdings or otherwise, to the extent applicable, is available in the preliminary solicitation statement to be filed today with the SEC.

### **About Corvex Management LP**

Corvex Management LP is an investment firm headquartered in New York, New York that engages in value-based investing across the capital structure in situations with identifiable catalysts. Corvex was founded in March 2011 and follows an opportunistic approach to investing with a specific focus on equity investments, special situations and distressed securities largely in North America.

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**About Related Fund Management LLC**

Related Fund Management, LLC is an affiliate of Related Companies, one of the most prominent privately-owned real estate firms in the United States. Formed 40 years ago, Related is a fully integrated, highly diversified industry leader with experience in virtually every aspect of development, acquisitions, management, finance, marketing and sales. Related's existing portfolio of real estate assets, valued at over \$15 billion, is made up of best-in-class mixed-use, residential, retail, office and affordable properties. For more information about Related Companies please visit [www.related.com](http://www.related.com).

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Edward McCarthy / Richard Grubaugh

D.F. King & Co., Inc.

(212) 269-5550

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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 Glickman, Peter Linneman, Jim Lozier and Kenneth Shea. Information regarding the participants in the solicitation and a description of their direct and indirect interests, by security holdings or otherwise, to the extent applicable, is available in the preliminary solicitation statement to be filed today with the SEC.



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Update on Recent Events  
The Arbitration Panel Has Spoken  
On  
November  
18,  
2013,  
the  
Arbitration  
Panel

( Panel )

issued

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award

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down

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illegal bylaws

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shareholders

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We

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Panel

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consent

solicitation

and:

After

two

weeks

of

live

testimony

and

reviewing

hundreds

of  
exhibits,  
we  
believe  
the  
Panel  
plainly  
agreed  
with  
our  
view  
that  
the  
Portnoys  
are  
highly  
incentivized  
and  
capable  
of  
continuing  
their  
campaign  
of  
shareholder  
disenfranchisement  
Prohibited  
any  
action  
intended  
to  
impede  
or  
frustrate  
the  
new  
solicitation,  
and  
Declared  
it  
would  
remain  
available  
to  
resolve  
any  
issues  
or  
disputes  
in

the  
new  
consent  
solicitation

-  
Arbitration Panel, November 18, 2013  
There is no question that CWH's Bylaws erect a complex wall of procedural  
hurdles to any consent solicitation.

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Update on Recent Events

The Trustees

Actions Speak Louder Than Words

The Trustees

misconduct over the past year is startling:

Approved a massively dilutive equity offering,

Passed unprecedented, illegal bylaw amendments,

Lobbied to amend Maryland law under the cover of darkness, and

Wasted over \$30 million of shareholder money on year-long litigation process

In our view, the Trustees accomplished nothing

But  
their  
actions  
say  
more  
about  
their  
true  
intentions  
than  
their  
promises  
ever  
can  
We  
and  
the  
Company  
are  
in  
the  
same  
position  
we  
would  
be  
in  
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begin  
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had  
the  
Portnoys  
simply  
allowed  
for  
the  
shareholder  
vote  
that  
was  
granted  
to  
shareholders  
in  
the  
Company's  
Declaration

of  
Trust  
27  
years  
ago  
The  
Panel  
recognized  
that  
shareholders  
have  
the  
right  
to  
vote  
in  
a  
consent  
solicitation  
to  
remove  
Trustees  
without  
cause  
at  
any  
time  
The  
Panel  
has  
implemented  
a  
clearly  
defined  
set  
of  
procedures  
to  
hold  
a  
new  
consent solicitation  
These  
actions  
were  
taken  
to  
prevent  
shareholders  
from

simply  
holding

a  
vote,

but  
what

did  
they

accomplish?

Shareholders are finally poised to take back Commonwealth and decide its  
future



10  
The Portnoys  
Corporate Governance Proposals  
Why It's All Smoke and Mirrors  
Reality  
Our Proposal  
Annual Elections  
Requires

a  
total  
of  
four  
annual  
meetings  
with  
a  
full  
de-staggering  
not  
taking  
place  
until  
May  
2017

Remaining  
Trustees  
are  
still  
empowered  
to  
reinstate  
a  
trustee,  
such  
as  
Joseph  
Morea,  
who  
was  
not  
re-elected  
but  
reinstated  
earlier  
this  
year

Bylaws  
still  
require  
two  
Managing  
Trustees  
to  
be  
employees  
of

RMR

Current  
Managing  
Trustees  
are  
in  
our  
opinion  
responsible  
for  
the  
poor  
state  
of  
CWH

MUTA  
allows  
CWH  
to  
unilaterally  
re-  
stagger  
its  
board  
at  
any  
time

The  
Portnoys  
refuse  
to  
answer  
whether  
they  
will  
insist  
on  
impossible  
procedural  
requirements  
to  
nominate  
Trustees,  
including  
twice-rejected  
3%/3-year  
rule

Does  
not  
clarify  
when  
they  
deem  
current  
disputes  
to  
be  
resolved  
or  
whether  
future  
disputes  
with  
other  
shareholders  
will  
also  
delay  
implementation  
of  
their  
proposals  
Portnoys  
Proposal  
Annual  
election  
of  
Trustees  
will  
begin  
in  
2015  
following  
a  
shareholder  
vote  
at  
the  
2014  
Annual  
Meeting  
and  
resolution  
of  
the  
pending

disputes  
with  
Corvex/Related  
Annual  
Elections  
at  
the  
next  
(2014)  
Annual  
Meeting

23  
Corvex/Related s Strategic Plan  
Disruptive Transition of Authority  
Plan B  
In  
the  
event  
the  
Trustees  
are

not  
cooperative  
in  
transitioning  
authority,  
Related  
and  
Corvex,  
clearly  
incentivized  
to  
minimize  
disruption  
as  
one  
of  
CWH s  
largest  
shareholders,  
have  
a  
plan  
to  
protect  
the  
Company  
Shareholders  
should  
not  
be  
coerced  
into  
voting  
for  
the  
current  
board  
out  
of  
fear  
that  
the  
existing  
Trustees  
will  
burn  
down  
the  
house  
on

the  
way  
out  
the  
door  
Jim  
Lozier,  
a  
30+  
year  
industry  
veteran,  
can  
be  
retained  
to  
lead  
the  
company  
on  
an  
interim basis\*  
Mr.  
Lozier  
served  
as  
co-founder  
and  
CEO  
of  
the  
Archon  
Group  
L.P.,  
a  
subsidiary  
of  
Goldman  
Sachs, from  
its  
formation  
in  
1996  
until  
2012  
During  
Mr.  
Lozier's  
tenure  
at



Archon,  
the  
company  
grew  
from  
320  
employees  
to  
8,500  
employees  
managing  
36,000  
assets  
with  
a  
gross  
value  
of  
approximately  
\$59  
billion  
CBRE,  
one  
of  
the  
world's  
largest  
integrated  
real  
estate  
services  
firms,  
has  
agreed  
to  
provide  
interim  
property  
management  
services\*\*  
Successfully  
managed  
transition  
of  
leasing  
/  
management  
services  
for  
1.2

billion  
square  
feet  
of  
commercial  
properties  
in  
the  
U.S.  
over  
the  
previous  
nine  
years,  
including  
transitions  
done  
under  
significant  
time  
pressure  
Related  
and  
Corvex  
have  
agreed  
to  
purchase  
up  
to  
51%  
of  
the  
bank  
debt  
in  
order  
to  
prevent  
acceleration  
of  
the  
Company's  
debt

\* Mr. Lozier is providing consulting services to Related in connection with Related's investment in Commonwealth and has serve in the role of interim CEO of the Company on such terms as may be reasonably agreed to by Mr. Lozier and CWH.

\*\* CBRE will perform management and leasing services on customary terms to be agreed to in the event Commonwealth's management agreement with RMR is terminated.