

CommonWealth REIT
Form DFAN14A
February 18, 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):

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.. 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:

The following presentation was delivered today to Institutional Shareholder Services:

The Choice Is Clear
Presentation to CWH Shareholders
February 18, 2014

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Introduction

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 EGI 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 investment, real estate and public company credentials

to
an
already
highly
qualified
slate
of
nominees

(1)
Mr. Zell and Mr. Helfand plan to bring to the Company their highly qualified and experienced management team to execute on a value-driven strategy and utilize their expertise in turning around underperforming assets

(1)
Detailed biographies are included in the Appendix

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)

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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
in
building
a
successful
company
focused
on
the
long-

term creation of shareholder value

CWH has underperformed for years due to a severe misalignment of
interests in an external

management structure through which 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

Not surprisingly, CWH's stock generated a cumulative total return of a mere 7% over a nearly
16-year

span

(1)

during

which

time

CWH

paid

RMR

approximately

\$800

million

(2)

in

fees

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

As evidenced in the chart on the following page, 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

We believe the choice could not be more clear

(1)

From 7/7/1997 (the earliest date on which the Zell-chaired REITs and CWH were all public) to 2/25/2013 (the last trading da

(2)

2013 RMR fees reflected annualized YTD 9/30/2013 figures. Q3 2013 RMR fees include fees paid by SIR to make the figure

The Choice Is Clear: Value Creation
Sam Zell's Unrivaled Track Record for Value Creation
Total Return Performance
Zell-Chaired REITs vs. CWH vs. RMR Fees

(1)

Total returns through February 25, 2013, the day prior to Related and Corvex's initial 13-D filing.

(2)

2013 RMR fees reflected annualized YTD 9/30/2013 figures. Q3 2013 RMR fees include fees paid by SIR to make the figure

Sources: Company filings, SNL

(1)

(2)
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
4
(\$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%

Cumulative RMR

fees since

1997: \$791 million

(2)

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The Choice Is Clear: Alignment of Interests & Accountability
Board & Management Focused on Increasing Shareholder Value
Sam Zell and David Helfand fully support efforts to maximize value at CommonWealth
for
all
shareholders
and
see
an

attractive
opportunity
at
CommonWealth
uniquely
suited
to their expertise in leading public real estate companies and in turning around
underperforming assets.
Their philosophy 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-run
creation
of
shareholder
value,
while
external
management
structures are suboptimal given inherent conflicts of interest

A belief
that
shareholders
deserve
good

governance,
transparency
and
accountability
from
company leadership

A belief
that
a

public
company's
fiduciary
responsibility
to
its
shareholders
is
paramount

Led by Sam Zell, our highly qualified nominees offer shareholders a choice to
elect an accountable and properly aligned board charged with being their
advocate

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The Choice Is Clear: Good Governance

With Good Governance Shareholders Will Always Have A Choice

We are concerned about any attempts to preclude shareholder rights, and our companies are free of such impediments.

-Sam Zell, Corvex/Related Press Release, February 11, 2014

With good corporate governance, shareholders will be able to hold their board

and

managers

accountable

without
having
to
spend
exorbitant
sums
litigating
for
the
right
to
do
so

if
shareholders
disapprove
of
our
slate s
performance,
they

can simply nominate to replace them at the next Annual Meeting

The core governance principles below are necessary underpinnings to good governance:
Annual elections for all Trustees beginning at the 2014 Annual Meeting (no staggered board)

Plurality vote for contested elections

A conventional notification process for trustee nominations and other important Company

i.e., elimination of unreasonably burdensome ownership/holding period requirements
and other procedural roadblocks

No changes to these provisions without a shareholder vote
business

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The Choice Is Clear: Highly Qualified Independent Board

There Is No Comparison

Note: SNH: Senior Housing, HPT: Hospitality Properties Trust, SIR: Select Income REIT, GOV: Government Properties Incorporated

The Portnoy Board

Zell-Chaired Slate of Nominees

Barry Portnoy

Sam Zell

Managing

Trustee,

CWH,
SNH,
HPT,
SIR,
GOV

Majority Owner, Chairman, *RMR*
Managing Director,
Five Star Quality Care, Inc.,
Managing Director,
TravelCenters of America LLC
Chairman, *Equity Residential*
Chairman, *Equity LifeStyle Properties*
Founder and Chairman, *Equity Group Investments*
Chairman, *Equity International*
Chairman, *Covanta Holding Corporation*
Chairman, *Anixter International*
Former Chairman, *Equity Office Properties Trust*

Adam Portnoy
David Helfand
Managing
Trustee,

CWH,
SNH,
HPT,
SIR,
GOV

Minority Owner, Director, CEO, President, *RMR*
Co-President, *Equity Group Investments*
Founder, President, *Helix Funds*
Former CEO, *American Residential Communities*
Former CIO, *Equity Office Properties Trust*
Former Managing Director, *Equity International*
Former President, CEO, *Equity Lifestyle Properties*
(all managed by RMR)
(all managed by RMR)

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The Choice Is Clear: Highly Qualified Independent Board

There Is No Comparison (cont.)

The Portnoy Board (cont.)

Zell-Chaired Slate of Nominees (cont.)

Ronald Artinian

Jim Corl

Trustee, *Reserve Funds*

Trustee, *First Real Estate investment Trust of New Jersey*

Managing Director/Head of Real Estate, *Siguler Guff &*

Company

Former CIO, *Cohen & Steers, Inc.*

William Lamkin

Edward Glickman

Partner, *Ackrell Capital*

Trustee,

HPT,

SIR

Exec. Director, *Center for Real Estate Finance Research,*

NYU Stern School of Business

Clinical Professor of Finance, *NYU Stern School of Business*

Executive Chairman, *FG Asset Management US*

Senior Advisor, *Econsult Solutions, Inc.*

Ann Logan

Peter Linneman

Former Director, *PHH Corporation*

Former Chief Credit Officer, *Fannie Mae*

Emeritus Albert Sussman Professor of Real Estate, *Wharton*

School of Business

Principal, *Linneman Associates*

Principal, *American Land Funds*

Joseph Morea

Jim Lozier

Former Vice Chairman, Managing Director, *RBC Capital*

Markets-US Equity Markets

Co-founder and former CEO, *Archon Group L.P.* (wholly
owned subsidiary of Goldman Sachs)

Fred Zeytoonjian

Kenneth Shea

Founder, Former Chairman & CEO, *Turf Products, LLC*

Trustee

of

SNH

President, *Coastal Capital Management LLC*

Former Sr. Managing Director, *Bear, Stearns Investment*

Banking

Note: SNH: Senior Housing, HPT: Hospitality Properties Trust, SIR: Select Income REIT.

(both managed by RMR)

(managed by RMR)

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The Choice Is Clear
Timeline and Path
The
Panel
set
forth
the
following
procedures

for
the
new
consent
solicitation:

Request for a record date must have been submitted by February 16, 2014

Corvex and Related submitted a formal request for a record date on February 14, 2014

CWH must establish a record date that falls within 10 business days of the record date request

On February 10, 2014, CWH announced a record date of February 18, 2014, conditioned on their receipt of the record date request that Corvex and Related have now delivered

In accordance with the Arbitration Panel's interim award our consent solicitation will be completed no later than March 20, 2014

The Company will have 5 business days to certify the results of the solicitation

If the consent solicitation to remove all the Trustees is successful, the officers of CWH must promptly call a special meeting of shareholders to elect new Trustees to the Board

The
date
of
the
special
meeting
must
be
within
10
to
60
calendar
days
of
the
date
of
notice of such meeting

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Highly Qualified Nominees
Truly Independent Slate
Chairman, Founder, *Equity Group Investments (EGI)*
Chairman, Founder, *Equity International*
Mr.
Zell
maintains
substantial
interests

in
and
serves
as
Chairman
of
four
public
companies,
two
of
which
are
REITs

-
Equity
Residential (NYSE: EQR), the largest multifamily REIT, and Equity LifeStyle Properties (NYSE: ELS), the largest
manufactured
home
community
REIT.

He
is
also
Chairman
of
Covanta
Holding
Corporation
(NYSE:
CVA),
an
international

leader in converting waste to energy, and Anixter International (NYSE: AXE), a global supplier of communications and security products.

Mr. Zell also serves as Chairman of two private investment firms, Equity Group Investments, which he founded over 40 years ago, and Equity International. While EGI's roots are in real estate, the firm's investments today span industries and continents, and include interests in real estate, energy, logistics, transportation, media, and health care, among others. Equity International, which Mr. Zell founded in 1999, is a private investment firm focused on building real estate-related businesses in international emerging markets.

Mr. Zell is a member of the President's Advisory Board at the University of Michigan, and with the combined efforts of the University of Michigan Business School, established the Zell/Lurie Entrepreneurial Center. He is also a long-standing supporter of the University of Pennsylvania Wharton Real Estate Center, and has endowed the Samuel Zell/Robert Lurie Real Estate Center at Wharton. Mr. Zell also endowed the Northwestern University Center for Risk Management. Mr. Zell holds a BA and a JD from the University of Michigan.

Sam Zell - Candidate for Chairman of CommonWealth

Chairman, *Equity Residential, Equity LifeStyle Properties, Covanta Holding Corporation, Anixter International Inc.*

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Highly Qualified Nominees

Truly Independent Slate (cont.)

David Helfand Candidate for CEO of CommonWealth

Co-President, *Equity Group Investments (EGI)*

Mr. Helfand is currently Co-President of EGI where he oversees all aspects of the firm. He began working with Sam Zell more than 25 years ago, and has worked with him in a variety of capacities since then.

Prior to rejoining EGI in 2012, Mr. Helfand was Founder and President of Helix Funds, where he oversaw the acquisition, management and disposition of more than \$2.2 billion of real estate assets. While at Helix, he also served as Chief Executive Officer for American Residential Communities, a Helix portfolio company.

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Before founding Helix, Mr. Helfand served as Executive Vice President and Chief Investment Officer for Equity Office Properties Trust, the largest REIT in the U.S. at the time, where he led approximately \$12 billion of mergers and acquisitions activity. Prior to Equity Office, Mr. Helfand served as a Managing Director and participated in the formation of Equity International. He also held the role of President and Chief Executive Officer at Equity LifeStyle Properties, and served as Chairman of the board's audit committee. His earlier career included investment activity in a variety of asset classes, including retail, office, parking and multifamily.

Mr. Helfand holds an MBA from the University of Chicago Graduate School of Business, and a BA from Northwestern University. He serves as a member of the Board of Trustees and Executive Committee of National Louis University, as a Director of the Ann & Robert H. Lurie Children's Hospital of Chicago, on the Executive Committee of the Zell/Lurie Real Estate Center at the Wharton School, and on the Board of Visitors at the Weinberg College of Arts and Sciences at Northwestern University.

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Highly Qualified Nominees

Truly Independent Slate (cont.)

James Corl

Managing Director and Head of Real Estate, *Siguler Guff & Company*

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 leader 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 group at Credit Suisse First Boston, Mr. Corl was involved in acquiring portfolios of non-performing loans and distressed real assets for CSFB's Praedium Real Estate Recovery Fund, as well as restructuring troubled real estate companies as publicly traded REITs.

Edward Glickman

Executive Director, Center for Real Estate Finance Research, *New York University Stern School of Business*

Clinical Professor of Finance, *New York University Stern School of Business*

Executive Chairman, *FG Asset Management US*

Senior Advisor, *Econsult Solutions, Inc.*

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.

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Highly Qualified Nominees

Truly Independent Slate (cont.)

Peter Linneman

Emeritus Albert Sussman Professor of Real Estate, *University of Pennsylvania, Wharton School of Business*

Principal, *Linneman Associates*

Principal, *American Land Funds*

From 1979 to 2011, Dr. Linneman was a Professor of Real Estate, Finance and Public Policy at the University of Pennsylvania 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.

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. Lurie has won accolades from around the world, including PREA's prestigious Graaskamp Award for Real Estate Research, Wharton's Lurie Real Estate Center's Lifetime Achievement Award, Realty Stock Magazine's Special Achievement Award, and has been

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

Co-founder and former CEO, *Archon Group L.P.*

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 over \$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 Advocates for Children) since 1999, and currently is on the Executive Committee and is heading CASA's capital campaign.

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Highly Qualified Nominees

Truly Independent Slate (cont.)

Kenneth Shea

President, *Coastal Capital Management LLC*

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, Mr. Shea was a Managing Director for Icahn Capital LP, where Mr. Shea had responsibility for private equity investments in the gaming and leisure industries. From 1996 to 2008, Mr. Shea was employed by Bear, Stearns & Co., Inc., where he served as 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., Resorts Ltd., and Carnival Corp. Mr. Shea currently serves on the board of directors of CVR Refining, LP.

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Disclaimer

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

The information in this presentation is based on publicly available information about Commonwealth REIT (the "Company"). This information includes forward-looking statements, estimates and projections prepared with respect to, among other things, general economic and market conditions, changes in the composition of the Company's Board of Trustees, actions of the Company and its subsidiaries or competitors, and the Company's strategies and plans and pursue business opportunities. Such forward-looking statements, estimates, and projections reflect various assumptions and anticipated results that are inherently subject to significant uncertainties and contingencies and have been included solely for informational purposes.

