

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.

(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:

(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.

**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, 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.

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.

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.

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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.

4
Update on Recent Events
The Arbitration Panel Has Spoken
On
November
18,
2013,
the
Arbitration
Panel

(Panel)

issued

an

award

that

struck

down

the

illegal bylaws

that

stripped

shareholders

of

their

right

to

vote

through

a

consent solicitation

We

were

further

vindicated

when

the

Panel

also

ordered

a

clearly

defined

set

of

procedures

for

a

new

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.

6

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
to
begin
with
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.