

CommonWealth REIT
Form DEFA14A
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
Check the appropriate box:

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- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only** (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
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CommonWealth REIT

(Name of Registrant as Specified In Its Charter)

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

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- No fee required.
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On February 28, 2014, Commonwealth REIT (the Company), issued the following press release in connection with an investor presentation made available on the Company's web site www.cwhreit.com. A copy of the Investor Presentation is also attached hereto.

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FOR IMMEDIATE RELEASE

CommonWealth REIT Files Investor Presentation Comparing CWH's Value Creating, Long Term Strategy with Related/Corvex's Short Term Scheme

CWH's Business Plan is Designed to Create Long Term Value and It is Producing Strong Results

CWH's Fourth Quarter Results Prove the Business Plan is Working

Says Related/Corvex's Reckless Proposal is Not Credible and May Destroy Shareholder Value

CWH Urges Shareholders to Vote the WHITE Consent Revocation Card Today

Newton, MA (February 28, 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. 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.

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The presentation outlines the clear differences between the business plan being successfully executed by the CWH Board and management and the scheme for CWH proposed by Related Fund Management, LLC and Corvex Management LP (Related/Corvex). The CWH Board and management are focused on delivering superior results for all shareholders, as evidenced by CWH's recently announced fourth quarter results that exceeded expectations on most financial and operating metrics. In contrast, Related/Corvex are attempting to take control of CWH without paying shareholders anything for that control. We also believe the Related/Corvex scheme would place CWH's common stock dividend and investment grade debt ratings at risk. The CWH Board and management believe that the continued execution of the Company's business strategy is in shareholders' best interests for the following reasons:

- **The CWH Board and management team remain focused on creating long term value for all CWH shareholders.** The successful repositioning of CWH's portfolio to high quality central business district (CBD) office properties is nearly complete. This strategy is generating significant shareholder value and the successful execution of the business plan has resulted in operating outperformance compared to CWH's peers.
 - **CWH's recent results prove that the Board and management team's business plan is working.** CWH recently announced fourth quarter results that exceeded expectations on most financial and operating metrics, with improving Normalized FFO per share, leasing activity and same property results.
 - **Now that the CWH business plan is generating real value for shareholders, we believe Related/Corvex are attempting to take control of CWH for short term profits and without paying anything to shareholders.** The portfolio repositioning that began several years ago is expected to be completed in 2014, at which time approximately two-thirds of CWH's cash flows will come from high quality CBD office properties. Because of the actions taken by the Board and management during the last several years, we believe CWH is better positioned than many of its peers to benefit from improvements to the economy and the office market in 2014 and 2015.
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- **We believe Related/Corvex's scheme for CWH is focused on the short term at the expense of long term shareholder value.** Related/Corvex's proposal for CWH appears to be centered around selling the Company's best performing assets, increasing debt leverage, investing in CWH's most challenged assets and buying back stock. We believe this would put at risk CWH's common stock dividend and investment grade debt ratings, two criteria typically valued by REIT investors. Shareholders also should keep in mind that Related/Corvex do not disclose the assumptions underlying their financial analysis and projections, which they admit are subject to significant risk and contingencies.
- **Sam Zell was recently recruited to join the Related/Corvex campaign with a \$17 million signing bonus.** Sam Zell also bought and sold 192,158 CWH common shares just prior to joining the Related/Corvex campaign and, in our view, the reasons and timing for these trades have not been adequately disclosed. We believe Sam Zell's actions raise serious questions about his motivations for joining Related/Corvex.
- **Related/Corvex's proposal is not credible because of Related's abysmal track record of controlling publicly traded real estate companies.** Both times Related has controlled publicly traded real estate companies, Related has benefited while shareholders have suffered major losses.

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

The Board and management strongly believe that the continued execution of the Company's business strategy is in the best interests of all CWH shareholders and the scheme put forward by Related/Corvex is the wrong path forward. As evidenced by our strong fourth quarter results, CWH's plan is creating real value for all shareholders. In contrast, we believe the Related/Corvex proposal puts CWH's common stock dividend and investment grade debt ratings at risk and has the potential to destroy shareholder value.

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 card sent to you by Related/Corvex, as we believe their unprecedented strategy to remove the entire CWH Board by written consent, and without cause, could destroy shareholder value.

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

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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 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.

Shareholders may obtain free of charge copies of the definitive consent revocation statement and any other documents filed by CWH with the SEC in connection with the Related/Corvex solicitation at the SEC's website (<http://sec.gov>), at CWH's website (<http://cwhreit.com>) or by requesting these materials from Timothy Bonang, by phone at (617) 796-8222, or by mail at Two Newton Place, 255 Washington Street, Newton, MA 02458 or by requesting materials from the firm assisting CWH in the solicitation of consent revocations, Morrow & Co., LLC, toll free at (800) 276-3011 (banks and brokers call collect at (203) 658-9400).

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