

CommonWealth REIT
Form DFAN14A
April 19, 2013

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

Edgar Filing: Commonwealth REIT - Form DFAN14A

(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

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

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

Payment of Filing Fee (Check the appropriate box):

No fee required.

Edgar Filing: Commonwealth REIT - Form DFAN14A

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:

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:

Edgar Filing: Commonwealth REIT - Form DFAN14A

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

(3) Filing Party:

(4) Date Filed:

Corvex Management LP (Corvex) and Related Fund Management, LLC (Related) previously filed certain investor presentation slides on April 18, 2013 (the April 18 Slides) with the U.S. Securities and Exchange Commission. Page 32 from the April 18 Slides has been revised by Corvex and Related and is attached hereto.

32

Flawed RMR Structure and Poor Corporate Governance

Flawed RMR Structure

We believe CWH's externally managed structure skews incentives, reduces cash flow through excessive fees, destroys investor confidence, and impairs valuation multiple (off already depressed earnings)

RMR receives fees based on gross historical cost basis, incentivizing growth through acquisitions regardless of returns to CWH shareholders or strategic rationale

\$2.7 billion of net acquisitions and capex since 2007 (over 2x CWH's recent market

cap
(1)
, while CWH book value per share essentially flat
Trustees
own
less
than
1%
of
CWH
stock,
but
certain
trustees
own
100%
of
RMR,
skewing
their incentives in favor of the external manager

RMR, a private company, is owned by Barry Portnoy and his son Adam Portnoy

All executive officers of CWH are also officers of RMR

Barry Portnoy's son-in-law is also an officer of RMR

Given
these
inherent
and
widely
recognized
problems,
CWH
and
the
other
Portnoy
REITs
are
some of the last remaining externally managed publicly traded equity REITs today
(1)

Market cap of \$1.3 billion based on a closing price of \$15.85 on February 25, 2013, the day prior to Related and Corvex's first