

CommonWealth REIT  
Form DFAN14A  
February 13, 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:

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- 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)**

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The Case for Change Now at CWH  
Updated Presentation to CWH Shareholders  
February 13, 2014

2

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#### Additional Information Regarding the Solicitation

Corvex Management LP and Related Fund Management, LLC have filed a definitive 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 a slate of new trustees at a special meeting of shareholders that must be promptly called in the event the Removal Proposal is successful. **Investors and security holders are urged to read the definitive solicitation statement and other**

relevant

documents

are

available,

free

of

charge,

on

the

SEC's

website

at

[www.sec.gov](http://www.sec.gov).

The

definitive

solicitation

statement

and

all

The following persons are participants in connection with the solicitation of Commonwealth REIT shareholders: Corvex Management LP, Meister, Related Fund Management, LLC, Related Real Estate Recovery Fund GP-A, LLC, Related Real Estate Recovery Fund LP, Related Real Estate Recovery Fund, L.P., RRERF Acquisition, LLC, Jeff T. Blau, Richard O. Toole, David R. Johnson, James Corl, Eric Linneman, Jim Lozier, Kenneth Shea, EGI-CW Holdings, L.L.C., David Helfand and Samuel Zell. Information regarding the solicitation and a description of their direct and indirect interests, by security holdings or otherwise, to the extent applicable, is contained in the definitive solicitation statement filed with the SEC on January 28, 2014 and Supplement No. 1 thereto filed on February 13, 2014.

3	
Table of Contents	
Executive Summary	
Appendix	
I.	
History of Underperformance	
II.	
History of Worst-In-Class	
Corporate Governance	
III.	

The Portnoys

Reversible Governance Alterations In

Context

IV.

Corvex/Related Turnaround and Governance Plan

V.

Highly Qualified Nominees

VI.

Valuation Update



4

Executive Summary

Introduction

The Arbitration Panel's ruling in late 2013 established a clear process to facilitate this consent solicitation

CommonWealth stands on the brink of a new phase in its history in which shareholders can choose who will manage their company, unlock substantial value, and leave behind a history as an underperforming, controlled company rife with conflicts of interest

Corvex and Related will request a record date by February 16; Commonwealth must

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establish the record date to be within 10 business days of the record date request and on February 10 conditionally set the record date for February 18; the consent solicitation must be concluded within 30 calendar days of the record date

Corvex and Related are undertaking this consent solicitation to remove the entire Board of Trustees of Commonwealth REIT ( Commonwealth, CWH or the Company ) after a hard-fought battle for shareholders to hold this vote, and to subsequently elect a highly qualified new Board of Trustees led by Sam Zell

5  
Executive Summary  
The Case for Removal: Abysmal Performance  
While  
the  
stock  
price  
plummeted  
68%  
during

2007-2013

(1)

,  
annual  
fees  
paid  
to  
RMR,  
the  
external  
manager  
wholly-owned  
by  
Barry  
and  
Adam  
Portnoy,  
increased  
40%

(2)

,  
as  
the  
fees  
are linked primarily to the size of the Company rather than to profitability for shareholders  
Over  
the  
1  
year,  
2  
years,  
3  
years,  
5  
years,  
and  
10  
years  
ended  
February  
25,  
2013

(3)

,  
the stock  
price declined -17%, -45%, -43%, -45%, and -53%, respectively  
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

As a result,  
with  
no  
ability  
for  
shareholders  
to  
hold  
management  
accountable,  
we  
believe  
the

Portnoys have had nothing to fear and underperformance has thrived  
CWH's performance record is abysmal by almost any metric over any relevant  
time period, in our view, but all the while the Portnoys have continued with  
impunity to line their pockets

Shareholders can now take back Commonwealth, choose a new, truly  
independent Board, and unlock the substantial value trapped within the  
Portnoys  
conflicted external management structure

(1)  
Assumes 2013 share price as of 2/25/2013, last trading day before Corvex and Related filed their initial 13-D.

(2)  
RMR fees paid per CWH public filings include Select Income REIT (SIR). YTD 9/30/13 figures annualized to arrive at full year

(3)  
Last trading day before Corvex and Related filed their initial 13-D.

6

Executive Summary

The Case for Removal: Corporate Governance Malfeasance

Having deliberately manufactured a highly lucrative and insulated situation for themselves over 28 years, it is not surprising the Portnoys would harbor a deep commitment to retaining control

However, the actions taken over the past year to silence shareholders were unconscionable, in our view, and included, among many others, illegal bylaw amendments (later invalidated) and a secret attempt to manipulate Maryland lawmakers into changing the Maryland Unsolicited Takeover Act

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Independent governance advisory firms such as ISS and Glass Lewis have long issued negative opinions on CWH's governance practices and recommended against re-election of certain Trustees

Conveniently coinciding with a solicitation to allow shareholders to take back their company, the Portnoys are now trumpeting highly misleading governance alterations, that can be unilaterally reversed at any time, and shamelessly asking shareholders to believe that they have experienced an epiphany

We believe the Board's actions over the past year alone, coupled with serial underperformance and atrocious corporate governance practices, warrant removal

Shareholders should not allow a few conveniently timed, reversible governance alterations to erase 28 years of poor governance, let alone the inexcusable actions of the past year

7

Executive Summary

What Are Shareholders Voting On?

The consent solicitation before shareholders is not a vote on a revised set of bylaws, a charter amendment or some other apparatus of governance with which the Portnoys would



like  
to  
distract  
shareholders,  
but  
a  
referendum  
on  
whether  
or  
not  
the  
individuals  
sitting  
on  
the  
current  
Board  
are  
fit  
to  
lead  
this  
company

The consent solicitation also creates an opportunity to elect a highly  
qualified new  
board that will be committed  
to  
good  
governance, focused  
on  
unlocking  
the substantial value embedded in Commonwealth for all  
shareholders,  
and  
led  
by  
Sam  
Zell,  
who  
created  
three  
of  
the  
most  
successful  
REITs in history: Equity Office Properties Trust, Equity Residential, and  
Equity LifeStyle Properties

8  
Executive Summary  
A Vote on Leadership  
There  
are  
gaping  
loopholes  
in  
the  
Portnoys

recent  
and  
illusory  
governance  
alterations,  
not  
the  
least  
of  
which  
is  
that  
they  
are  
all  
unilaterally  
reversible  
by  
the  
Board

But the obvious flaw in the governance modifications is that they require shareholders to trust the same individuals who deliberately harmed shareholder rights over the past year with actions such as:

Passing illegal bylaw amendments to eviscerate the ability to hold any consent solicitation, a right plainly granted by the Declaration of Trust since 1986

Secretly attempting to manipulate state lawmakers into changing the Maryland Unsolicited Takeover Act to eliminate the right to hold this consent solicitation

Refusing  
to  
eliminate  
bylaws  
that  
require  
2  
Trustees  
be  
employed  
by  
RMR,  
the  
manager  
owned  
100%  
by the Portnoys

In effect, the Portnoys are asking to be judged solely on the misleading modifications of the past two months, rather than their 28-year history of poor governance, not to mention the inexcusable actions of the past year

When a board deliberately harms shareholder rights through unconscionable tactics to protect their own interests, accepting flawed governance alterations while leaving the same board in place simply invites more of the same

We believe that given a choice between the Portnoys and their record of value destruction and Sam Zell's record of value creation for shareholders, the choice is clear

9

Executive Summary

CWH Valuation Upside: NAV of Approximately \$35 Per Share

We believe removal of the conflicted and underperforming Trustees will unlock substantial value for shareholders, and estimate

current

NAV

(1)

to

be

approximately \$35 per share in such a scenario, 36% higher than the closing price on February 10, 2014, and 51% higher than January 28, 2014, the date we filed definitive solicitation materials with the SEC

Extensive due diligence has confirmed poor property and asset management practices, validating the flaws of conflicted external management

We

believe

there

would

be

substantial

low-hanging

fruit

easily

within

the

grasp

of

a

properly incentivized management team

While we continue to estimate 24-36 months for NOI to reach stabilization, we

believe

measurable

progress

can

begin

soon

after

installation

of

new

management

with progress reports communicated to shareholders on a regular basis

Once CWH joins the ranks of other public REITs with institutional quality management, and benefits from internalized management, operational turnaround, and improved capital allocation, we believe CWH could trade at approximately \$40 per share at 12/31/15

(1)

Represents estimate of private market value of all properties owned by CWH as disclosed in 9/30/13 10-Q filing, adjusted for r

We believe installing a new independent Board and an effective management

team

will

make

CWH

investable

for  
previously  
untapped  
REIT  
investors  
in  
the  
public markets, and remove the downside risk that the current conflicted  
management structure will persist

10

Executive Summary

NAV Highlights

Estimated NAV is supported by extensive and continuing due diligence

Corvex/Related, with the assistance of Jim Lozier

(1)

, conducted independent site visits to

85% of the properties, by value, and leveraged Related's already extensive network of market contacts with that of Mr. Lozier, the co-founder and former CEO of Archon Group L.P., a subsidiary of Goldman Sachs with 8,500 employees at the time of Mr. Lozier's



departure in 2012

Stabilized NOI and private market cap rates are estimates based on a hyper-local, property-by-property build-up, supported by discussions with hundreds of local market participants in all of CWH's relevant markets, including investment sales and leasing brokers, tenants, owner/operators, and property managers

Estimates

of

private

market

cap

rates

are

further

supported

by

a

peer

analysis

of

comparable public REITs

Top

20

assets

by

value

represent

57%

of

the

total

portfolio,

and

the

Top

50

assets

by

value represent 79%

(1)

Mr. Lozier has been retained by Corvex/Related as a consultant.

11

Executive Summary

Sam Zell and David Helfand Join 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)

In addition, 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

Mr. Zell has demonstrated a long-standing commitment to good corporate governance:

Corvex and Related announce the addition of Sam Zell and David Helfand of Equity Group Investments ( EGI ) to our previously announced slate of highly qualified nominees for election to the Board of Commonwealth

(1)

Detailed biographies are included in the Appendix

One of our core operating principals is the alignment of interests between company leadership and shareholders. 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

12  
Executive Summary  
Corvex/Related s Turnaround and Governance Plan To Maximize Value  
The  
fair  
and  
unfettered  
election  
of  
a

new  
Board  
consisting  
of  
truly  
independent  
Trustees

After consultation with fellow shareholders, we have proposed a slate of highly qualified nominees for election to the Board at the Special Meeting to be held if the current Board is removed: Sam Zell, David Helfand, James Corl, Edward Glickman, Peter Linneman, Jim Lozier and Kenneth Shea

Best-in-Class corporate governance to finally impose accountability

Amend  
existing  
Declaration  
of  
Trust  
and  
bylaws  
to  
conform  
to  
ISS  
and  
Glass  
Lewis  
best  
practices

Eliminate  
the  
requirement  
that  
at  
least  
2  
Trustees  
be  
affiliated  
with  
RMR

Permanently opt out of MUTA  
Internalize management and align management compensation with shareholder returns  
Right  
the  
ship  
with

basic  
operating  
strategies  
not  
currently  
being  
employed  
by  
existing  
conflicted  
management structure

We believe proper staffing levels and reinvestment in CWH's existing portfolio can harvest a substantial amount of low hanging fruit

No  
poison  
pill  
-  
Adoption  
of  
a  
policy  
against  
new  
pills  
without  
shareholder

approval  
Cease  
all  
acquisition  
activity  
and  
dilutive  
capital  
raises  
until  
stock  
price  
exceeds  
its  
NAV

Cease all related party transactions not approved by a vote of disinterested shareholders  
Corvex/Related continue to propose the following Turnaround & Governance Plan:  
While dramatically different from CWH's existing plan, these reforms are in our view self-evident to every informed investor and will make CWH look like virtually every other member of the

S&P  
500

Our Nominees have the qualifications to close the valuation gap by guiding the Company to a share price which more accurately reflects its value and prospects

13

Executive Summary

Our Nominees

Each nominee brings critical perspectives and skills that will be important to Commonwealth's future growth and success in unlocking value for shareholders

They have ready-to-implement strategic ideas designed to improve performance and are prepared to hit the ground running to oversee immediate improvements



Their collective experience includes, but is not limited to:

Exceptional track record for creating substantial value for public company shareholders

Superior investment and capital allocation acumen

Corporate strategic analysis for large real estate owner/operators

Extensive public REIT operations and financial reporting

Intensive asset management and property management operations

Leading Wall Street valuation techniques for public REITs

Raising capital in the public markets

Implementing best practices corporate governance

Biographies of our nominees are included in the Appendix

Our

truly

independent

slate of

nominees

is

highly

qualified

with

wide-ranging

and

relevant public company, real estate, finance and corporate governance experience

14  
Executive Summary  
A Clear Case For Change  
Underperformance  
as  
undisputedly  
poor  
as  
it  
is

at  
CWH  
is  
rare  
Historical  
governance  
policies  
as  
egregious  
as  
they  
are  
at

CWH  
are  
rare  
How often do ISS and Glass Lewis and holders of more than 70% of  
the outstanding shares  
support removal of an entire Board?

Entrenchment  
tactics  
as  
appalling  
as  
they  
are  
at  
CWH  
are  
rare

The Portnoys ignored the shareholder right to vote enshrined in the Company's charter for 28  
years, and forced us to litigate for months to have the right confirmed by the Panel  
And the replacement for Barry Portnoy we have proposed is Sam Zell, who is recognized as  
a founding father of today's public real estate industry after creating three of the most  
successful REITs in history

The case for removal could not be easier to make than it is at CWH:

For  
the  
first  
time  
since  
the  
Portnoys  
began  
erecting  
barriers  
to  
a  
free  
and

fair

consent solicitation almost one year ago, shareholders of Commonwealth now  
have an unobstructed path to deciding their own fate

15  
Executive Summary  
Timeline and Path  
The  
Arbitration  
Panel  
ruling  
on  
November  
18,

2013  
cleared  
a  
path  
to  
an  
open  
and fair consent solicitation process

Seize  
the  
Moment:

The  
Time  
to  
Make

Real  
Change  
at

CommonWealth  
is  
Now

Despite taking every action imaginable to deny shareholders a vote, the Portnoys now have no choice but to face their shareholders in a clear process established by the Panel  
The Panel struck down all of the illegal bylaws passed by the current Board:  
The Panel expressly prohibited any action intended to impede or frustrate the new solicitation

The  
Panel  
also  
declared  
it  
would  
remain  
available  
to  
resolve  
any  
issues

or  
disputes

"There is no question that CWH's Bylaws erect a complex wall of procedural hurdles to any consent solicitation."

-  
Arbitration Panel, November 18, 2013

After nearly 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 to and capable of continuing their campaign of shareholder disenfranchisement

16  
Executive Summary  
Timeline and Path (cont.)  
The  
Panel  
set  
forth  
the  
following  
procedures

for  
the  
new  
consent  
solicitation:

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

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

On February 10, 2014, CWH announced that it has set a conditional record date of February 18, 2014

Consent solicitation must be concluded within 30 calendar days of the record date

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



17  
Executive Summary  
Voting Instructions  
The Time to Act is Now  
Please  
Sign,  
Date  
and  
Return  
the

GOLD  
Consent  
Card

Today

A Non-vote is a Vote for the Portnoys

Place

your

vote

now

to

remove

the

entire

Board

of

Trustees

Without complete removal, the remaining Trustees would be able to unilaterally reinstate a removed Trustee

as they did just last year

or fill vacancies on the Board without input

from

the

true

owners

of

the

company

the

shareholders

Please

note

that

internet

voting

is

**NOT**

available

-

Shareholders

must

sign,

date

and

return the GOLD Consent Card in the pre-paid return envelopes provided

If you need assistance in executing your GOLD consent card or placing your vote, please call:

Ed McCarthy (212-493-6952) or Rick Grubaugh (212-493-6950)

18

Appendix

Table of Contents:

History of Underperformance

History of Worst-In-Class Corporate Governance

The Portnoys Reversible Governance Alterations

In Context

Corvex/Related Turnaround and Governance Plan

Highly Qualified Nominees

Valuation Update

19

I. History of Underperformance

20

History of Underperformance

The Fundamental Cause of Underperformance

We continue to believe that the fundamental cause of underperformance at CWH is the absence of accountability, and more specifically the inability of shareholders to choose their own manager

Ironically,

the

severe

conflicts

in  
the  
external  
management  
structure  
demand  
rigorous  
accountability  
and  
superior  
governance,

but  
in  
our  
view  
none  
exists

In a structure where the manager is incentivized to act without regard to shareholder interests and still avoid being terminated, severe underperformance is inevitable, as evidenced by the years of data establishing CWH underperformance

The severe conflict of interest at CWH has been well-documented: the Portnoys effectively control CWH despite owning virtually no stock

How  
can  
there  
be  
accountability  
when  
an  
employee  
controls  
its  
own  
employer ?

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

All  
executive officers of CWH are also officers of RMR

Given  
these  
inherent  
and  
widely  
recognized  
problems,  
CWH  
and  
the  
other  
Portnoy

REITs

are

among the last remaining publicly-traded externally-managed equity REITs today

As

a

result,

RMR

is

held

accountable

by

no

one

and,

in

our

view,

enjoys

complete

immunity from shareholders

21

History of Underperformance

By Any Metric Over Any Relevant Time Period

In our view, there is absolutely no way to slice and dice the data in favor of the Portnoys

their

performance

has

been



horrible  
The  
Portnoys  
performance  
record  
at  
CWH  
is  
abysmal  
by  
almost  
any  
metric  
over any relevant time period, in our view:  
Stock price  
performance  
-17%, -45%, -43%, -45%, and -53% CWH stock price decline over the 1 year, 2 years, 3 years, 5  
years,  
and  
10  
years  
ended  
2/25/13,  
respectively  
(1)  
Valuation  
Unaffected  
valuation  
approximately  
35%  
below  
peers  
(2)  
on  
an  
unlevered  
cap  
rate  
basis  
(3)  
54%, 47%, and 46% discount to peers on a price / forward FFO multiple basis for 1 year, 3 years,  
and  
5  
years,  
respectively  
(1)  
Cost structure  
6%,  
10%,  
8%,

and  
9%  
below  
its  
peers  
(2)  
on  
an  
NOI  
margin  
basis  
for  
YTD  
9/30/2013,  
YTD  
9/30/2012,  
2011,  
and  
2010,  
respectively

(1)  
Acquisitions and  
return on investment

\$2.9  
billion  
of  
net  
acquisitions  
and  
CapEx  
since  
2007

(over  
2x  
CWH's  
market  
cap

(3)  
,  
while  
CWH

book value per share is essentially flat

CAD / share growth

-23% cash available for distribution per share (CAD / share) growth from 2010 to 2012, the worst  
performance of its peers

(1)  
Data calculated through February 25, 2013, the day prior to Related and Corvex's first public filing.

(2)  
Select peers include Piedmont Office Realty (PDM), Highwoods Properties (HIW), Cousins Properties (CUZ), Brandywine REIT (PKY). Excludes Mack-Cali (CLI), approximately 80% of whose office markets are either in secular decline or experiencing s

process of transitioning into the multi-family sector, creating uncertainty with respect to its public market valuation. Peers for L  
lack of sufficient disclosure.

(3)  
Based on a closing price of \$15.85 on February 25, 2013, the day prior to Corvex and Related's first public filing.  
Source: Company filings and FactSet

22

History of Underperformance

Valuation Discount

CWH has historically traded at a significant discount to its peers on all key measures

(1)

Note:

Share

price

and

estimates  
updated  
as  
of  
2/25/2013,  
the  
day  
before  
Related  
and  
Corvex's  
13-D  
filing.  
Financial  
information  
as  
of  
Q4  
2012.

Implied nominal cap rate is calculated as GAAP LTM NOI / TEV.

Peer set excludes Mack-Cali (CLI), 80% of whose office markets are either in secular decline or experiencing significant distress into the multi-family sector, creating uncertainty with respect to its public market valuation.

(1)  
CWH implied cap rate based on CWH stand-alone TEV of \$4,914 million and Related and Corvex estimates of comparable, stand-alone REITs.  
Source: Company filings and FactSet

As a point of reference, CWH traded approximately 35% below peers on an unlevered cap rate basis on February 25, 2013, the day before Related and Corvex's initial 13-D filing (\$ in millions, except per share values and TEV / sq. ft.)

Enterprise  
Implied  
G&A /  
2/25/2013  
Equity  
value  
nominal  
TEV /  
equity  
Net debt /  
P / FFO  
TEV / EBITDA  
Div  
Ticker  
Company  
price  
mkt cap  
(TEV)  
cap rate  
Sq. Ft.  
mkt cap  
TEV

2013E

2014E

2013E

2014E

yield

CWH

CommonWealth REIT

\$15.85

\$1,338

\$4,914

10.7%

\$105

3.9%

76%

5.4x

5.5x

12.0x

12.3x

6.3%

HIW

Highwoods Properties, Inc.

\$35.35

\$2,983

\$4,999

6.6%

\$144

1.3%

40%

13.1x

12.7x

15.6x

14.8x

4.8%

BDN

Brandywine Realty Trust

\$12.96

\$1,885

\$4,689

7.1%

\$176

1.3%

58%

9.0x

8.6x

14.1x

13.8x

4.6%

PDM

Piedmont Office Realty Trust, Inc.

\$19.66

\$3,294  
\$4,699  
8.7%  
\$229  
1.5%  
30%  
14.0x  
13.5x  
15.8x  
15.1x  
4.1%  
PKY  
Parkway Properties, Inc.  
\$16.39  
\$920  
\$2,096  
6.0%  
\$177  
2.3%  
37%  
13.3x  
12.4x  
14.2x  
13.7x  
2.7%  
CUZ  
Cousins Properties Incorporated  
\$9.38  
\$977  
\$1,586  
7.0%  
\$134  
2.4%  
26%  
18.2x  
16.6x  
18.9x  
17.3x  
1.9%  
High  
\$3,294  
\$4,999  
8.7%  
\$229  
2.4%  
58%  
18.2x  
16.6x  
18.9x  
17.3x

4.8%  
Mean  
2,012  
3,613  
7.1%  
172  
1.8%  
38%  
13.5x  
12.8x  
15.7x  
14.9x  
3.6%  
Median  
1,885  
4,689  
7.0%  
176  
1.5%  
37%  
13.3x  
12.7x  
15.6x  
14.8x  
4.1%  
Low  
920  
1,586  
6.0%  
134  
1.3%  
26%  
9.0x  
8.6x  
14.1x  
13.7x  
1.9%



23

History of Underperformance

RMR Fees vs. CWH Shareholder Returns

(1)

RMR fees paid per CWH public filings include SIR.

(2)

Annualized YTD 9/30/2013 RMR fees include Q3 RMR fees paid by SIR to make the figure comparable to historically disclosed

(3)

Share price and market capitalization figures are as of 2/25/2013, the day prior to Related and Corvex's initial 13-D filing.

(2)

RMR

extracted

approximately

36%

of

CWH s

unaffected

market

capitalization

(3)

during 2007 -

2013, as CWH share price continued to plummet

(2)

2007

2008

2009

2010

2011

2012

Annualized

2013

2007-

2013

Cumulative

Fees Paid Out to RMR

(1)

\$59.7

\$63.2

\$62.6

\$62.2

\$69.5

\$77.3

\$83.5

\$478.0

RMR Fees % Growth

--

5.9%

(0.9%)

(0.6%)

11.7%

11.2%

8.0%

39.8%

RMR Fees as % of:

CWH Market Cap

(3)

4.5%

4.7%

4.7%

4.6%

5.2%

5.8%

6.2%

35.7%

CWH Market Cap, Cumulative

4.5%

9.2%

13.9%

18.5%

23.7%

29.5%

35.7%

35.7%

CWH Cumulative Stock Price Return

(37.4%)

(74.7%)

(46.0%)

(48.4%)

(66.3%)

(67.9%)

(67.9%)

(67.9%)

24  
History of Underperformance  
RMR Fees vs. CWH Shareholder Returns (cont'd)  
(1)  
2007  
to  
2013  
RMR  
cumulative  
fee

growth  
%  
is  
based  
on  
annualized  
YTD  
9/30/2013  
fees  
as  
reported  
in  
Company  
filings,  
which  
include  
SIR.

(2)  
Stock price monthly through February 25, 2013, the day prior to Related and Corvex's first public filing.

(3)  
Includes Q3 2013 RMR fees paid by SIR in order to make the figure comparable to previously reported figures.  
Sources: Company filings, SNL

Annual fees  
paid  
to  
RMR  
climbed  
40%  
from  
2007  
to  
2013  
(1)

,  
while  
the  
share  
price  
declined 68%

(2)  
\$50  
\$100  
\$150  
\$200  
\$250  
\$300  
\$350  
\$400  
\$450  
\$500

\$10.00

\$15.00

\$20.00

\$25.00

\$30.00

\$35.00

\$40.00

\$45.00

\$50.00

\$55.00

1/31/2007

1/31/2008

1/31/2009

1/31/2010

1/31/2011

1/31/2012

1/31/2013

(2)

(3)

CWH stock price

Cumulative fees paid out to RMR

25  
History of Underperformance  
Total Returns  
1 year  
CWH  
has  
underperformed  
its  
peers  
over

the  
1  
year  
ending  
2/25/2013

(1)  
HIW: 15.5%  
PDM: 15.3%  
CWH: (9.4%)  
PKY: 65.5%  
CUZ: 28.2%  
BDN: 25.2%  
RMZ: 10.6%

Note: Total returns include dividends

(1)  
The last trading the day prior to Related and Corvex's first public filing.

Source: SNL

(25.0%)

0.0%

25.0%

50.0%

75.0%

2/24/2012

4/9/2012

5/25/2012

7/10/2012

8/25/2012

10/10/2012

11/25/2012

1/10/2013

2/25/2013

PKY

BDN

HIW

PDM

CUZ

CWH

RMZ



26  
History of Underperformance  
Total Returns  
3 years  
CWH  
has  
underperformed  
its  
peers

over  
the  
last  
3  
years  
ending  
2/25/2013

(1)  
HIW: 42.1%  
PDM: 39.1%  
CWH: (26.6%)  
PKY: 6.9%  
CUZ: 42.5%  
BDN: 35.8%  
RMZ: 52.5%

Note: Total returns include dividends

(1)  
The last trading the day prior to Related and Corvex's first public filing.

Source: SNL

(60.0%)  
(40.0%)  
(20.0%)  
0.0%  
20.0%  
40.0%  
60.0%  
80.0%

2/25/2010  
7/12/2010  
11/26/2010  
4/12/2011  
8/27/2011  
1/11/2012  
5/27/2012  
10/11/2012  
2/25/2013

PKY  
BDN  
HIW  
PDM  
CUZ  
CWH  
RMZ

1 year  
3 year  
PKY  
65.5%  
6.9%  
BDN  
25.2%

35.8%  
HIW  
15.5%  
42.1%  
PDM  
15.3%  
39.1%  
CUZ  
28.2%  
42.5%  
Average  
30.0%  
33.3%  
RMZ  
10.6%  
52.5%  
CWH  
(9.4%)  
(26.6%)  
: CWH -  
Avg.  
39.3%  
59.9%

27

History of Underperformance

FFO Multiples

CWH traded at the lowest price to FFO multiple of its peers prior to our 13-D filing

PDM: 14.0x

CWH: 5.4x

HIW: 13.1x

CUZ: 18.2x

BDN: 9.0x

Source: Factset

PKY: 13.3x  
0.0x  
5.0x  
10.0x  
15.0x  
20.0x  
25.0x  
30.0x  
2/25/2008  
10/10/2008  
5/26/2009  
1/10/2010  
8/26/2010  
4/11/2011  
11/26/2011  
7/11/2012  
2/25/2013  
PKY  
BDN  
HIW  
PDM  
CUZ  
CWH  
1 year  
3 year  
5 year  
PKY  
5.8x  
5.2x  
5.5x  
BDN  
8.6x  
7.5x  
6.3x  
HIW  
12.9x  
12.7x  
12.1x  
PDM  
11.2x  
11.3x  
N/A  
CUZ  
15.5x  
16.2x  
16.2x  
Average  
10.8x  
10.6x  
10.0x

CWH  
5.0x  
5.6x  
5.4x  
CWH -  
Avg.  
(54.2%)  
(46.6%)  
(45.8%)

28

History of Underperformance

Operating Performance

Key financial metrics deteriorate, while fees paid to RMR continue to climb

(1)

YTD 9/30/2013 figures include SIR. Growth rates based on YTD 9/30/2012. Excludes 2013 share price performance due to the

(2)

Share price performance assumes stock is held since January 1st of the specified year through February 25th, 2013.

Source: Company filings and SNL

Value

accruing to  
RMR, not  
shareholders  
(\$ in millions)

For the Fiscal Year Ending December 31,

YTD

2010

2011

2012

9/30/2013

(1)

Share Price Performance (if held since)

(2)

(38.2%)

(39.0%)

(6.9%)

N/A

SF Owned per Share (% growth)

(15.9%)

(5.2%)

(0.6%)

(32.7%)

NOI per Share (% growth)

(19.1%)

(4.2%)

16.1%

(28.0%)

EBITDA per Share (% growth)

(22.1%)

(4.7%)

(27.2%)

(20.1%)

FFO per Share (% growth)

(13.8%)

(9.9%)

0.0%

(19.1%)

CAD per Share (% growth)

(23.7%)

(27.7%)

(17.3%)

(15.6%)

Fees Paid to RMR

\$62.2

\$69.5

\$77.3

\$62.6

% growth

(0.6%)

11.7%



11.2%

10.6%

CWH trails its core office REIT peers by 234 bps and 359 bps on same store rental growth and NOI growth, respectively

We believe YTD 2013 results below overstate CWH's performance, as the Company has placed 112 buildings (47 properties) into discontinuing operations beginning in Q4 2012. Despite its greater scale, CWH's cost structure results in the lowest same store NOI margins of its peers.

CWH's total rental and NOI growth is dependent upon its outsized acquisition activity.

29

History of Underperformance

Same Store Underperformance

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CWH underperforms its peers on a same store basis

Note: Analysis excludes PDM, which does not disclose same store rent. Average does not include CWH.

1)

CUZ figures represent consolidated portfolio.

Source: Company filings

9

months

ended

9/30/2013

rent

growth

(1)

9

months

ended

9/30/2013

NOI

growth

(1)

9

months

ended

9/30/2013

NOI

margin

(1)

Avg.: 2.0%

4.5%

2.7%

1.3%

(0.4%)

(0.6%)

(1.0%)

0.0%

1.0%

2.0%

3.0%

4.0%

5.0%

CUZ

BDN

HIW

CWH

PKY

5.1%

3.3%

(0.4%)

(2.3%)

(3.0%)

(4.0%)

(3.0%)

0.0%

4.0%

CUZ

BDN

HIW

CWH

PKY

Avg.:

1.3%

(2.0%)

(1.0%)

1.0%

2.0%

3.0%

5.0%

6.0%

71.2%

65.7%

59.6%

58.1%

56.4%

50.0%

55.0%

60.0%

65.0%

70.0%

75.0%

BDN

HIW

PKY

CUZ

CWH

Avg.:

62.2%

As a result, we also show on the following pages, results from 2010 through 9/30/2012

30

History of Underperformance

Same Store Underperformance (cont d)

CWH has consistently underperformed its peers on a same store basis historically

Note: Analysis excludes PDM, which does not disclose same store rent. CUZ data represents office portfolio only.

(1)

CommonWealth excluded 97 underperforming buildings as discontinued properties in its same store financials ending 12/31/2014 as a reflection of company performance. Excludes SIR figures.

(2)

Includes revenue and NOI from SIR due to the public data insufficiency.

Source: Company filings

2011 rent growth

(2)

2011 NOI growth

(2)

2011 NOI margin

(2)

9 months ended 9/30/2012 rent growth

(1)

9 months ended 9/30/2012 NOI growth

(1)

9 months ended 9/30/2012 NOI margin

(1)

2010 rent growth

(2)

2010 NOI growth

(2)

2010 NOI margin

(2)

31

History of Underperformance

Acquisition Activity

(1)

Market cap as of 2/25/2013, the day prior to Related and Corvex's initial 13-D filing.

(2)

In Q3 2013, CUZ acquired Greenway Plaza, a 10-building, 4.3 million square foot office complex in Houston, Texas, and 777 building in the central business district of Fort Worth, Texas. The aggregate purchase price for the acquisition was \$1.1 billion.

(3)

Includes net sale proceeds from consolidated joint venture.

(4)

Weighted by market cap.

(5)

YTD 9/30/2013 not comparable due to deconsolidation of SIR during 2013.

Source: Company filings and Factset

Net acquisitions / CapEx as % of Market Cap

2007

2008

2009

2010

2011

2012

YTD 9/30/2013

Cumulative

Parkway Properties Inc. (PKY)

5.4%

22.4%

1.9%

7.4%

36.2%

64.2%

17.1%

154.6%

Highwoods Properties Inc. (HIW)

4.8%

4.7%

2.1%

3.0%

5.5%

8.1%

13.1%

41.2%

Cousins

Properties

Inc.

(CUZ)

(2)

25.2%

11.7%

4.3%

(7.0%)

3.9%

(17.2%)

136.2%

157.1%

Piedmont Office Realty Trust Inc. (PDM)

(3)

1.4%

3.7%

1.1%



1.9%

(2.3%)

0.4%

6.1%

12.4%

Brandywine Realty Trust (BDN)

(6.2%)

(11.9%)

5.6%

9.6%

0.8%

0.3%

(2.7%)

(4.3%)

Average

(4)

3.7%

3.6%

2.6%

3.3%

4.7%

6.8%

20.2%

44.9%

CWH

31.0%

6.1%

33.5%

27.6%

45.2%

56.3%

14.7%

214.3%

Net Acquisitions and CapEx

\$419

\$83

\$453

\$369

\$604

\$753

\$197

(5)

\$2,878

CWH share price

\$30.92

\$13.48

\$25.88

\$25.76

\$16.64

\$15.84

\$15.85

Book value per share

36.11

34.68

35.66

37.53

33.24

36.82

N/A

CWH price / FFO multiple

6.8x

3.1x

6.0x

6.9x

4.9x

4.7x

5.4x

CWH

spent

\$2.9

billion

on

acquisitions

during

2007

YTD

9/30/2013,

even

as

the

stock

has

underperformed,

but book value per share remains flat, suggesting minimal return on investment

RMR s

fee

income

has

grown

due

to

being

linked

primarily

to

the

size

of

the

company  
PKY  
has  
also  
been  
acquisitive,  
but  
is  
internally  
managed  
and  
has  
made  
accretive  
capital  
allocation  
decisions,  
leading to 42% stock price appreciation from 2011 to 2012  
Its peers acquired assets at approximately one-fifth of CWH's rate over the same period  
(1)  
CWH has grown primarily through asset acquisitions, which we believe benefits RMR and  
therefore the Portnoys personally but not shareholders

32

History of Underperformance

Management and Board Ownership

CWH Trustees and senior management have no meaningful ownership of CWH shares

CWH's insiders currently hold a 0.34% stake in the company

The ownership level is approximately one-tenth the insider ownership of the company

We believe management is not aligned with shareholders

Peer Director and Executive Officer Ownership

(1)

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Average does not include CWH

CWH Insider Holdings

Position

% of S/O

Trustees and Executive Officers:

Barry M. Portnoy

252,903

0.21%

Adam D. Portnoy

53,584

0.05%

John C. Popeo

41,000

0.03%

David M. Lepore

33,750

0.03%

Frederick N. Zeytoonjian

12,967

0.01%

William A. Lamkin

10,812

0.01%

Joseph L. Morea

4,000

0.00%

Ronald J. Artinian

3,000

0.00%

Ann Logan

2,000

0.00%

Total CWH Trustee and Executive Officer

Ownership

414,016

0.34%

Source: Company filings, CWH holdings per proxy filed 01/29/2014 and subsequent filings, SNL

33  
II. History of Worst-In-Class  
Corporate  
Governance

34

History of Worst-In-Class

Corporate Governance

The Portnoys

Actions Speak Louder Than Our Words Ever Could

Imposed illegal bylaw amendments to prevent any consent solicitation, a right plainly granted by the Declaration of Trust since 1986

Secretly attempted to manipulate state lawmakers into changing the Maryland Unsolicited Takeover

Act

via  
an  
11  
hour  
amendment  
to  
eliminate  
the  
right  
to  
hold  
this  
consent  
solicitation

Effected a massively dilutive equity offering priced at less than 50% of book value, increasing share count by 41%

Opted into a provision of the Maryland Unsolicited Takeover Act in a misleading attempt, later declared invalid, to try to eliminate the right to remove Trustees without cause

Reinstated Trustee Joseph Morea after a nearly 4-1 vote against his re-election at the 2013 annual meeting, and charged him with spearheading corporate governance

Spent  
nearly  
\$30  
million  
of  
shareholders  
money

on  
a  
year-long  
litigation  
process  
in  
a  
brazen  
campaign to systematically disenfranchise shareholders

Should  
two  
months  
of  
reversible  
governance  
alterations  
erase  
the  
inexcusable  
actions of this Board or 28 years of poor governance and performance?

The  
Portnoys  
unconscionable



actions  
over  
the  
past  
year  
say  
more  
about  
their  
intentions than their promises ever will  
Over the past year, the Board deliberately:  
th

Perhaps most importantly, however, the history of this company under the current Board and external management team strongly suggests the risk of doing nothing is significantly greater than any risk from removing the entire Board at once.

35

History of Worst-In-Class

Corporate Governance

Independent Parties Agreed With Us

Consistently poor corporate governance has not gone unnoticed by independent, highly-respected parties

ISS annual reports consistently reported Shareholder Rights were of High Concern

In lieu of further subjugation of shareholder rights, we believe the Dissident's consent solicitation offers the much more attractive prospect of meaningful change for CWH and its owners.

Glass Lewis report, June 17, 2013

ISS has issued highly critical reviews of CWH's corporate governance policies

In

2013

CWH

received

the

worst

possible

score,

a

10,

for

Shareholder

Rights

A score of 1 indicates lower governance risk while a 10 indicates higher governance risk

ISS and Glass Lewis already supported removing the entire board in June 2013

ISS report, June 13, 2013

The Arbitration Panel struck down the illegal bylaws that stripped shareholders of their right to vote through a consent solicitation

There is no question that CWH's Bylaws erect a complex wall of procedural hurdles to

any

consent

solicitation.

Arbitration

Panel,

November

18,

2013

36

History of Worst-In-Class

Corporate Governance

Widespread

Disapproval

of

the

Portnoys

Governance

Over the years, prominent and diverse parties have stood up against the

Portnoys, the conflicted management structures at their various entities, and their actions against shareholder rights

How

can

such

a

diverse

group

all

be

wrong

about

the

Portnoys

and

their

true

intentions?

Delaware County Employees Retirement Fund has sued the Trustees of CWH twice in the last year regarding breach of fiduciary duty and improper use of shareholder funds to defend the Portnoys in litigation

Six pension

funds

(CalPERS,

CalSTRS,

Public

Employees

Retirement

Association

of

Colorado,

Florida

State

Board of Administration, North Carolina Retirement Systems and Ohio Public Employees Retirement System) have urged Hospitality Properties Trust, another RMR-managed REIT, to de-classify its Board

CalPERS

has

pushed

for

the

annual

election

of

all

trustees

every

year

from

2009-2013

Green Street Advisors, the preeminent independent investment research company focused on REITs, issued

## Edgar Filing: CommonWealth REIT - Form DFAN14A

a report on March 1, 2013 on the RMR-controlled REITs and labeled them Uninvestable Perry Corp., a 5+ percent holder of the shares of CWH, publicly called for the Board to be replaced in its entirety in a letter dated April 30, 2013

In 2008, Locksmith Capital Management sought to allow shareholders to elect two independent nominees to the Board of TravelCenters of America, a Portnoy-managed public company, and vote to declassify the Board, noting at the time: Instead of allowing shareholders an opportunity to vote for our nominees and shareholder proposals, they invoked meaningless technicalities in order to create a Soviet style election and entrench the current Board of Directors. This Board has no shame.

Council of Institutional Investors, a leading voice for effective corporate governance and strong shareowner rights has consistently expressed concern regarding CWH and other Portnoy REITs

37

History of Worst-In-Class

Corporate Governance

The Arbitration Panel Has Spoken

The Arbitration Panel ruling on November 18, 2013, cleared a path to a free and fair consent solicitation process

After nearly 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  
The Panel struck down illegal bylaws passed by the current Board  
The Panel expressly prohibited any action intended to impede or frustrate the new solicitation  
The Panel declared it would remain available to resolve any issues or disputes  
The  
Panel  
ruled  
that  
Corvex/Related  
had  
satisfied  
onerous  
red  
tape  
bylaw  
requirements  
The Panel determined that opting into Section 3-803 of the Maryland Unsolicited Takeovers  
Act  
( MUTA )  
does  
not  
revoke  
the  
right  
of  
shareholders  
to  
remove  
Trustees  
without  
cause,  
as  
misleadingly claimed by the Portnoys  
Ruling  
INVALID AS A MATTER OF LAW  
INVALID AS A MATTER OF LAW  
INVALID AS A MATTER OF LAW  
INVALID AS A MATTER OF LAW  
INVALID AS A MATTER OF LAW



Contested Bylaws

3%/3yr holding requirement to request a record date

All shares must be held in certificated form to request a record date

30 day period to respond to a record date request

60 day period to set a record date

90 day period to certify the results of the consent solicitation

38  
History of Worst-In-Class  
Corporate Governance  
The  
Portnoys  
Receive  
an  
F  
  
New

York  
Times

The deal world remained muted this year in terms of big transactions and activity.

Despite the relative doldrums, there were still some highlights and lowlights. Here are some of them

Despite Doldrums in Deal Activity, A Few Highlights This Year,  
New York Times,  
December 17, 2013

The father and son duo who head Commonwealth Barry and Adam Portnoy and Commonwealth's counsel at Skadden Arps showed little regard for shareholder rights, doing everything in their power to prevent Corvex Management and the Related Companies from removing the Portnoys. The Portnoys banked on Commonwealth's unique requirement that shareholders arbitrate all disputes with the company to stymie the two hedge funds. It didn't work, and the arbitration panel ruled against Commonwealth, clearing the way for the funds to begin a campaign to unseat them. The Portnoys receive an F.

39

III. The Portnoys  
Reversible Governance  
Alterations In Context

40

The Portnoys

Reversible Governance Alterations In Context

The Portnoys' Governance Alterations Are Illusory

The Portnoys

Check-the-Box

governance alterations create the illusion of

reform,

but

bring

zero  
incremental  
accountability  
and  
therefore  
offer  
no  
guaranteed  
ability  
for  
shareholders

to  
choose  
who  
runs  
their  
company

When a board deliberately harms shareholder rights through unconscionable tactics to protect their own interests, accepting flawed governance alterations

while  
leaving

the  
same  
board

in  
place  
simply

invites  
more  
of

the  
same

All of  
the

Portnoys'  
alterations

are  
ineffective,

and  
most

importantly  
all

are  
unilaterally

reversible  
through

the  
extraordinary

powers  
of

the  
Portnoys  
and  
their  
hand-picked  
Trustees:

Require  
two  
RMR  
employees  
to  
always  
be  
on  
the  
Board,  
even  
though  
RMR  
owns  
no  
equity  
in  
CWH  
and  
in  
our  
opinion  
has  
incentives  
diametrically  
opposed  
to  
those  
of  
shareholders

Unilaterally amend the bylaws (while shareholders cannot) to effectively cripple shareholder action

Unilaterally stagger the Board under MUTA, without shareholder approval

Reinstate hand-picked Trustees who fail to be re-elected by shareholders

Further, there is no way to repeal the "Silent Bylaw" : Shareholders must spend exorbitant sums in litigation to strike down illegal, unilaterally-passed bylaw amendments simply to exercise their fundamental right to vote

But the obvious flaw in the alterations is that they require shareholders to trust the same individuals who deliberately harmed shareholder rights over the past year with actions that we believe suggest total disdain for shareholder rights

41  
The Portnoys  
Reversible Governance Alterations In Context  
Why It's All Smoke and Mirrors  
On  
the  
following  
pages,  
we  
review



and  
highlight  
the  
flaws  
of  
the  
Portnoys  
Check-the-Box  
governance alterations from December 26, 2013  
Questions shareholders should ask themselves while conducting such a review  
After  
the  
countless  
tactics  
employed  
over  
the  
past  
year,  
would  
the  
Portnoys  
really  
now  
implement  
meaningful  
corporate  
governance  
enhancements  
and  
subject  
themselves  
to  
true  
accountability  
knowing  
full  
well  
they  
have  
severely  
underperformed  
for  
years?  
Would  
they  
really  
put  
at  
risk

their  
invaluable  
Perpetual  
Fee Stream ?  
How  
can  
the  
Portnoys  
possibly  
justify  
reappointing  
Joseph  
Morea  
to  
the  
Board  
after  
he  
received  
the  
vote  
of  
only  
14%  
of  
the  
outstanding  
shares  
and  
how  
can  
he  
be  
in  
charge  
of  
spearheading  
purported  
governance  
reforms?  
What  
impact  
might  
losing  
the  
consent  
solicitation  
have  
on  
the

Portnoys  
other,  
much  
larger  
and  
more  
lucrative  
externally  
managed  
REITs?  
Did  
the  
Portnoys  
purposefully  
enact  
only  
reversible  
governance  
changes  
just  
to  
win  
votes  
from  
some  
shareholders  
and  
remain  
in  
power  
with  
zero  
real  
improvement  
in  
corporate  
governance  
or  
accountability?  
Until  
Commonwealth's  
long-suffering  
shareholders  
have  
the  
unambiguous  
ability  
to  
choose who  
manages their company, history will repeat itself, as the Portnoys delay their day of judgment

through an illusory game of governance restructuring and legal maneuvering, all the while paying themselves huge fees for underperformance

42

The Portnoys

Reversible Governance Alterations In Context

Why It's All Smoke and Mirrors

Reality

Annual Elections

Bylaws still require two Managing Trustees to be employees of RMR, making the promise of having

2/3 of the Board up for annual elections in 2015  
highly misleading

We publicly asked the Board to clarify this  
obvious contradiction but they have refused  
to respond

Section 3-803 of the Maryland Unsolicited Takeover  
Act allows Portnoys to unilaterally re-classify CWH  
Board at any time regardless of contrary provisions  
in governing documents, without a shareholder vote

CWH has not permanently opted out of  
Section 3-803

Charter amendment to de-classify Board requires a  
vote of holders of 75% of outstanding shares at  
2014 annual meeting

Last year s quorum was only 67%

Can shareholders expect the Portnoys and  
CWH to rock the vote  
at the 2014 meeting  
to de-classify Board, or could they allow the  
proposal to languish?

Portnoys

Window Dressing

Propose

declassification

of

Board

at

the

2014

annual

meeting

43

The Portnoys

Reversible Governance Alterations In Context

Why It's All Smoke and Mirrors

Reality

The Board that appointed the two new

independent

Trustees is the same one that

has unconditionally supported the Portnoys  
and re-appointed Joe Morea after he was voted  
out of office at the 2013 annual meeting

Why would the new Trustees be any more  
independent  
than Joe Morea, William Lamkin  
and Frederick Zeytoonjian?

Are shareholders expected to believe  
that this time it is different because the  
new appointees were found by a  
headhunter hired by CWH?

Neither  
of  
the  
two  
new  
independent  
Trustees  
will be up for election at the 2014 annual  
meeting  
they were conveniently added to the  
classes up for election in 2015 and 2016

In fact, Mr. Morea himself also will not be up for  
election  
in  
2014

shareholders  
cannot  
hold  
him accountable until 2016  
Portnoys  
Window Dressing  
Board Composition

Size of the Board to be increased  
such that the ratio of Independent  
Trustees compared to total Trustees  
will increase from the current 71% to  
at least 75%

Added Ronald J. Artinian and Ann  
Logan as independent  
Trustees

Lead Independent Trustee will be



designated after appointment of  
another Trustee. Expected after 2014  
annual meeting

Added share ownership guidelines

44  
The Portnoys  
Reversible Governance Alterations In Context  
Why It's All Smoke and Mirrors  
Reality

Red  
Tape  
Bylaws

can  
be  
amended

at  
any  
time  
by  
the

Board without shareholder approval, as they were last year to prevent ability to hold a consent solicitation; in fact, shareholders don't have the right to amend or modify bylaws at all

Shareholders are expected to assume that Bylaws will not be again amended whenever convenient to the Portnoys

In fact, the Portnoys have proven that they will use the Red Tape bylaws

even  
the  
most  
innocuous  
ones

to  
silence shareholders  
Portnoys  
Window Dressing  
Red Tape Bylaws  
Bylaws amended to have a seemingly less offensive process of trustee nominations at annual meeting

Nothing stops Board from re-inserting the 3%/3-year bylaw for Trustee nominations before the 2015 annual meeting

In fact, Select Income REIT ( SIR ) another RMR-managed REIT 44% of whose shares are owned by CWH

re-inserted  
an  
arbitration  
clause

in  
its  
bylaws  
within  
months  
after  
clearing  
SEC  
comments  
and  
going  
public  
(SEC  
had  
challenged the clause during SIR's IPO process)

We had to prove to the Portnoys in arbitration that  
our record date request had been sent via  
registered mail return receipt requested (which it  
was, in addition to e-mail, hand delivery and FedEx),  
in order to be counted as a valid  
request

45

The Portnoys

Reversible Governance Alterations In Context

Why It's All Smoke and Mirrors

Reality

Company will continue to have a poison pill  
built into its charter and bylaws that prohibit  
stock acquisitions over 9.8 percent

Still no response to our letter request for  
a waiver despite resolution of disputes  
by the Arbitration Panel

As  
look  
through  
entities  
for  
tax  
purposes, REIT status concerns  
regarding the 9.8% limitation are not an  
issue with respect to Corvex and  
Related

Company can always unilaterally add back in  
the dead hand  
provisions or implement a new  
poison pill overnight without shareholder  
approval  
Portnoys  
Window Dressing

Expiration of poison pill to be  
accelerated from October 17, 2014 to  
a date soon after resolution of the  
pending disputes with Corvex/Related

Dead-hand  
provisions eliminated  
Poison Pill

46

The Portnoys

Reversible Governance Alterations In Context

Why It's All Smoke and Mirrors

Reality

CWH still externally advised by a conflicted outside party not subject to accountability by CWH's shareholders and that owns virtually no stock in

CWH

Continues to primarily incentivize RMR to grow assets at the expense of shareholders when the company resumes its history of serial equity issuance

Incentive Fee benchmarks subject to change as the RMR contract is negotiated by the Board with assistance from RMR and without independent outside advisors

Stock component is not meaningful  
Portnoys  
Window Dressing

Beginning in 2014, base business management fee to be based on the lower of: (i) gross historical cost of real estate assets or (ii) CWH's total market capitalization

10% of base business management fees will be paid in stock

Annual incentive fees will be based upon total returns realized by shareholders (i.e., appreciation plus dividends) in excess of benchmark

RMR Management Agreement

(1)  
Adjusted for reverse stock splits.

During 2003-13, CWH issued 88.5 million shares

(1)  
or  
~\$2.5



billion  
of  
equity,  
averaging  
9.1 million shares/yr or 11.1 million/yr,  
excluding the financial crisis years of 2008-09

47

The Portnoys

Reversible Governance Alterations In Context

The Portnoys' True Intentions Revealed

On January 21, 2014, we sent the Board a public letter, providing them an opportunity to address the gaping loopholes in their governance alterations and commit to permanent, true governance reform

The Board's response? Silence.

Coupled with the unconscionable actions taken over the last year, what else do you need to know?

We asked if the Portnoy Board will:

Eliminate  
the  
requirement  
that  
at  
least  
2  
Trustees  
be  
affiliated  
with  
RMR?

Amend the charter to ensure that the Board cannot opt back into Section 3-803 of the Maryland General Corporation Law which allows them to unilaterally re-stagger the Board?

Amend governance documents to commit that if Barry Portnoy is not elected as a Trustee at the 2014 Annual Meeting, he cannot be unilaterally reinstated as Joseph Morea was after receiving the vote of only 14% of the outstanding shares?

Amend the charter and bylaws to ensure the new provisions that make the annual meeting and nomination process less offensive reversible only with a shareholder vote?

Amend the charter and bylaws to replicate the Arbitration Panel's procedural guidelines for any future consent solicitation?

Post online the entire un-redacted transcript of the October 2013 hearing before the Arbitration Panel so that shareholders can understand management's testimony about, among other things, their fiduciary duties to RMR vs. shareholders and how the RMR contract is negotiated every year?

Work with Corvex/Related and the Arbitration Panel to implement obvious solutions that address the Board's professed concerns regarding the transition to a new Board?

48

The Portnoys

Reversible Governance Alterations In Context

The Portnoys

Actions Explained

RMR's business model, in our view, is founded on creating and preserving the conflict of interest

at

its

externally

managed  
REITs  
in  
order  
to  
manufacture  
Perpetual  
Fee  
Streams ,  
regardless of the impact on CWH 's share price  
We  
believe  
the  
Portnoys  
view  
control  
of  
CWH  
as  
binary

either  
they  
have  
dominant  
control  
over  
the  
fee  
stream  
built  
over  
28  
years,  
or  
they  
do  
not  
In  
our  
opinion,  
the  
profits  
from  
RMR 's  
Perpetual  
Fee  
Streams  
could  
be

valued  
at  
~20x  
cash  
flow (but for the ability of the Board to terminate RMR management contracts), given the  
highly  
recurring  
and  
practically  
infinite,  
growing  
nature  
of  
the  
cash  
flow  
streams  
under  
the  
protection of the Accountability Vacuum  
We  
believe  
the  
staggering  
value  
of  
Perpetual  
Fee  
Streams  
are  
a  
powerful  
motivator for dodging accountability, leading the Portnoys to always choose  
Check-The-Box  
governance revisions over real reform  
We believe the Portnoys harbor an extraordinarily deep commitment to  
protecting their Perpetual Fee Streams  
and will attempt to mislead  
shareholders with Check-the-Box  
reform rather than true accountability

49

IV. Corvex/Related s Turnaround and  
Governance Plan

50

Corvex/Related s Turnaround and Governance Plan

Corvex/Related s Plan To Maximize Value

The fair and unfettered election of a new Board consisting of truly independent Trustees

After consultation with fellow shareholders, we have proposed a slate of highly qualified nominees for election to the Board at the Special Meeting to be held if the current Board is removed: Sam Zell, David Helfand, James Corl, Edward Glickman, Peter Linneman, Jim Lozier and Kenneth Shea

Best-in-Class corporate governance to finally impose accountability



Amend  
existing  
Declaration  
of  
Trust  
and  
bylaws  
to  
conform  
to  
ISS  
and  
Glass  
Lewis  
best  
practices

Eliminate  
the  
requirement  
that  
at  
least  
2  
Trustees  
be  
affiliated  
with  
RMR

Permanently opt out of MUTA

Internalize management and align management compensation with shareholder returns

Right  
the  
ship  
with  
basic  
operating  
strategies  
not  
currently  
being  
employed  
by  
existing  
conflicted  
management structure

We believe proper staffing levels and reinvestment in CWH's existing portfolio can harvest a

substantial amount of low hanging fruit

No  
poison  
pill  
-  
Adoption  
of  
a  
policy  
against  
new  
pills  
without  
shareholder  
approval  
Cease  
all  
acquisition  
activity  
and  
dilutive  
capital  
raises  
until  
stock  
price  
exceeds  
its  
NAV

Cease all related party transactions not approved by a vote of disinterested shareholders  
Corvex/Related continue to propose the following Turnaround & Governance Plan:  
While dramatically different from CWH's existing plan, these reforms are in our view  
self-evident to every informed investor and will make CWH look like virtually every  
other member of the S&P 500

51

Corvex/Related s Turnaround and Governance Plan

A Simple Blueprint for Change

CommonWealth can then elect a Board of Trustees that:

Is truly independent (per ISS s definition)

Implements and can describe to shareholders the procedures designed to ensure its independent Trustees can continue to operate independently

Is accountable to shareholders

Hires its own independent advisors when necessary

Systematically sets performance goals for the management team, measures its performance, and holds it accountable for its failures

Objectively  
benchmarks  
its  
corporate  
governance  
policies  
against  
peers

Challenges management's thinking on material strategic issues when appropriate

Once shareholders take back control of Commonwealth and can choose who should manage their company, the conflict of interest between manager and owner will be eliminated

In short, shareholders can elect an experienced, independent Board charged with being their advocate

52

Corvex/Related s Turnaround and Governance Plan

Sam Zell and David Helfand Join 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)

In addition, 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

Mr. Zell has demonstrated a long-standing commitment to good corporate governance:

Corvex and Related announce the addition of Sam Zell and David Helfand of Equity Group Investments ( EGI ) to our previously announced slate of highly qualified nominees for election to the Board of Commonwealth

(1)

Detailed biographies are included in the Appendix

One of our core operating principals is the alignment of interests between company leadership and shareholders. 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

53

Corvex/Related's Turnaround and Governance Plan

Sam Zell and Corvex/Related Share A Common View

We are fully supportive of Corvex and Related's efforts to maximize value at Commonwealth for all shareholders. We see an attractive opportunity at Commonwealth uniquely suited to our expertise in leading public real estate companies and in turning around underperforming assets. We created three of the most successful REITs in the U.S., including Equity Office, which at the time of its \$39 billion sale in 2007, owned nearly 100 million square feet of space in over 500 office buildings across the country.

One of our core operating principals is the alignment of interests between company leadership and

Edgar Filing: Commonwealth REIT - Form DFAN14A

shareholders. We are concerned about any attempts to preclude shareholder rights, and our companies are free of such impediments. We believe the shareholders of our REITs have clearly benefited from having an accountable, properly aligned board overseeing an effective, internalized management team with the sole goal of increasing shareholder value.

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



54  
Corvex/Related s Turnaround and Governance Plan  
Sam Zell s Unrivaled Track Record for Value Creation  
We  
believe  
Sam  
Zell s  
chairmanship  
of  
these

REITs

has

unquestionably

maximized

value

for

shareholders

These REITs clearly demonstrate, in our view, the value to shareholders of having an accountable, properly aligned board overseeing an effective, internalized management team with the sole goal of increasing shareholder value

In stark contrast, CWH has been operated by an underperforming, external manager focused on increasing its fee stream at the expense of shareholders, while erecting barriers to shareholder action

Not surprisingly, the long-suffering shareholders of CWH have had the opposite experience of Mr. Zell's shareholders, as clearly depicted on the following page

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, Equity Residential, and Equity LifeStyle Properties

55

Corvex/Related s Turnaround and Governance Plan

Sam Zell s Unrivaled Track Record for Value Creation (cont.)

(1)

(2)

(\$100)

\$0

\$100

\$200

\$300

\$400  
\$500  
\$600  
\$700  
\$800  
1997  
2000  
2003  
2006  
2012  
(100%)  
0%  
100%  
200%  
300%  
400%  
500%  
600%  
700%  
800%  
Total Return Performance Zell-Chaired REITs vs. CWH vs. RMR Fees  
CWH  
EOP  
EQR  
ELS  
Cumulative 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  
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

Cumulative RMR fees  
since 1997: \$791

(2)

EOP:

368%

EQR:

422%

ELS:

574%

CWH: 7%

2009

56

Corvex/Related s Turnaround and Governance Plan

Peaceful Transition of Authority

Plan A

To eliminate the already miniscule risks, the Board members could implement the following to protect Commonwealth and its shareholders:

While we wholeheartedly dismiss the scare tactics employed by the Portnoys

that

a

removal

of  
Trustees  
will  
cause  
the  
business  
material  
harm

we  
point  
out

that ironically the sitting Board members could easily preclude any of their  
imagined disruptions from occurring by acting responsibly in advance of a  
consent solicitation

We have asked the Board to work with Corvex/Related and the Arbitration Panel  
to implement obvious solutions that address the Board's professed concerns ,  
but the Board refuses to respond

Agree to allow for the election of replacement Trustees concurrently with the removal of  
existing Trustees

We also point out that the Arbitration Panel will remain available for resolving disputes  
even

after  
the  
removal  
of  
the  
Trustees  
and  
during  
the  
transition

to  
a  
newly  
elected  
Board

Request waivers under existing financing agreements regarding a change in control or arrange  
for replacement facilities

RMR could remove language or simply agree not to immediately terminate its management of the  
assets in the event of a change in control

57

Corvex/Related s Turnaround and Governance Plan

Disruptive Transition of Authority

Plan B

In the event the Trustees are not cooperative in transitioning authority, Related and Corvex 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

David Helfand, a 25-year industry veteran, possesses substantial executive experience managing large portfolios of commercial real estate in a variety of contexts

Mr. Helfand has served CEO, CIO and President roles for companies, including Equity LifeStyle Properties, American Residential Communities, Helix Funds, and Equity Office Properties Trust

Mr. Helfand has led more than \$14 billion in investment activity over the past 15 years

Jim Lozier, a 30+ year industry veteran,

is  
available  
to  
assist  
in  
CWH's  
transition

(1)  
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 which time, the company grew from 320 employees to 8,500 employees managing 36,000 assets with a gross value of approximately \$59 billion

Archon's  
core  
competencies  
include  
the  
ability  
to  
quickly  
integrate  
new  
properties  
into  
its

operating  
platform, regardless of the condition of the property or the difficulty of transitioning such properties  
CBRE, one of the world's largest integrated real estate services firms, has agreed to provide  
interim  
property  
management  
services

(2)  
Successfully managed transition of leasing/management services for 1.2 billion sq. ft. of commercial  
properties in the U.S. over the last 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

(1)  
Mr. Lozier is providing consulting services to Related in connection with Related's investment in CWH.

(2)  
CBRE will perform management and leasing services on customary terms to be agreed to in the event CWH's management agrees

58

Corvex/Related s Turnaround and Governance Plan

About Related

Founded in 1972 by Stephen Ross, Related is amongst the most prolific and respected real estate developers, operators and investors in the nation

Owns and operates a portfolio valued at over \$15 billion including 5 million square feet of commercial space and over 40,000 apartment units

Over 2,000 employees located in Boston, Chicago, Dallas, Los Angeles, Miami, New York, San Francisco, Shanghai, Abu Dhabi and Sao Paulo

Experience with portfolios of assets in distressed or hostile situations, including:

-  
Several assets representing hundreds of millions of dollars in value in contested foreclosure or adversarial bankruptcy proceeding, including acting as agent for court appointed receivers between 2010-2012

-  
Portfolio of 32 REO properties comprised of 10,000 multifamily units on behalf of GSE  
Founded over 40 years ago, Related operates a real estate portfolio valued at over \$15 billion today including residential, office, mixed-use, and affordable properties

59  
Corvex/Related s Turnaround and Governance Plan  
About Corvex  
Value-based  
investing  
across  
the  
capital  
structure  
in

situations  
with  
clearly  
identifiable catalysts

Follows an opportunistic approach to investing with a specific focus on equity investments, special situations and distressed securities largely in North America.

Active investing to create asymmetric risk/reward opportunities

Public markets view for fundamental and event-driven investing

Successfully engages with management teams of invested companies

60

Corvex/Related s Turnaround and Governance Plan

Jim Lozier

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

Archon is an international real estate services and advisory company based in Dallas, TX

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

Archon underwrote, acquired and asset managed real estate and real estate debt for

Goldman Sachs with a concentration in office, multi-family and limited service hospitality

Prior to the formation of Archon, Mr. Lozier was an employee of the J.E. Robert Company and had been responsible for managing the GS / JER joint venture for two years. Mr. Lozier directed the acquisition efforts of the joint venture between GS and JER from 1991-1995. Mr. Lozier will remain available to assist in CommonWealth's transition upon removal of the current Board



61

V. Highly Qualified Nominees

62  
Highly Qualified Nominees  
Truly Independent Slate  
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.

Chairman, Founder, *Equity Group Investments* ( EGI )

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

Chairman, Founder, *Equity International*

Sam Zell Candidate for Chairman of CommonWealth

63

Highly Qualified Nominees

Truly Independent Slate (cont.)

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.

Before founding Helix, Mr. Helfand served as Executive Vice President and Chief Investment Officer for Equity Office

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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.

David Helfand Candidate for CEO of CommonWealth

64

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 leading

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.

65

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 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



66

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.

67  
VI. Valuation Update

68  
Valuation Update  
Intensive Due Diligence Continues  
Based  
on  
repeated  
feedback  
from  
tenants,  
brokers



and  
owner/operators  
across  
CWH s  
markets regarding their experience with RMR, we believe:

Many  
leasing  
brokers  
representing  
tenants

across  
CWH s  
markets  
steer  
tenants  
away

from RMR-managed properties because of a lack of attention from RMR personnel  
RMR often fails to execute simple asset and property management functions, such as  
responding to tenant work requests, and challenging real estate tax assessments

Blake Schreck, president and economic development director for the Lenexa Chamber of  
Commerce, didn't sound unhappy about Southlake Technology Park changing hands. He  
echoed multiple local commercial real estate brokers, who indicated that Commonwealth's  
slow response to requests for lease proposals from prospective tenants had likely cost the  
933,0000-square-foot office park deals and contributed to its 48 percent occupancy rate.  
Over the past six months, representatives from Corvex and/or Related have  
independently performed detailed site visits on approximately 85% of the  
portfolio

Kansas City Business Journal, October 23, 2013

69

Valuation Update

Where Are The Employees?

RMR employees service assets for CWH in addition to other RMR-managed public REITs

(SIR,

GOV,

HPT,

SNH)

as

well

as  
the  
Portnoys  
privately  
owned  
real  
estate,  
all  
of  
which

encompass office, retail, hospitality, senior housing, land and other property types  
It appears that the leasing staff is too small, resources are spread too thin, and a true asset  
management department is non-existent

The majority of, if not all, leases from CWH, SIR, HPT, SNH and GOV are processed  
through the CWH's headquarters office for review, approval and negotiation

There appears to be little delegation to local RMR representatives, creating a substantial  
bottleneck that leads to very slow response times

It appears that staffing is maintained at deficient levels in order to maximize profit margins for  
RMR at the expense of CWH shareholders

Clearly, assets that are suffering from such poor management should only be sold after first  
maximizing value for CWH shareholders

Opportunistic funds with expensive capital (such as Oaktree Capital and Garrison  
Investment  
Group)

were  
among  
the  
largest  
buyers  
of  
assets  
in  
the  
last  
round  
of  
CWH

dispositions

We believe there are too few employees spread over too many assets and  
product types:

70

Valuation Update

Significant Operational Upside

We are confident that misaligned incentives at the corporate level have translated into underperforming run rate NOI

In our opinion, properties can achieve our estimate of stabilized NOI within 24-36 months of installing an effective management team whose incentives are aligned with shareholders

Furthermore, we believe that measurable progress can begin within several months of initiating a repositioning program with progress reports communicated to shareholders in real time

The cost to shareholders of a severely conflicted external management structure was self-evident during our work in the field

Valuation Update  
NAV Components  
Implied cap rates of CWH's public peers  
Analysis of private market transactions in  
local markets  
CWH management's own published valuation  
of key assets  
Cap rate surveys published by national  
brokerage firms  
71

Source: Company filings, media reports.

Properties classified as Held for Sale

are per CWH's SEC filings,

adjusted for subsequent asset sales reported in the media.

In-Place Cash NOI based on annualized YTD 9/30/13 results,

adjusted for subsequent asset sales reported in the media.

Estimate based upon Related's expertise and knowledge of the real estate market and having considered factors such as size and location of CWH's real estate portfolio as well as estimates from and discussions with CBRE regarding the potential extension of management services for CWH.

Represents the stabilization improvement implied by the difference between As-Stabilized NOI and In-Place NOI after Property Management Fee savings. As-Stabilized NOI is derived through an extensive bottoms-up real estate analysis on a property-by-property basis.

(1)

(2)

(3)

(4)

Related performed a bottoms-up real estate analysis on a property-by-property basis

We believe our estimate of Stabilized Cash NOI is supported by our extensive field due diligence

We find support for cap rate assumptions and price per foot valuations from:

NAV Methodology

(In millions, except PSF and per share amounts)

Continuing

Held for

Operations

Sale

(1)

Total

\$428

\$42

\$470

8

2

10

28

20

48

As-Stabilized Cash NOI

\$465

\$63

\$528

Cap Rate

7.3%

8.7%

7.5%  
 As-Stabilized Value  
 \$6,346  
 \$731  
 \$7,077  
 Plus: Australia Assets Held at Book Value  
 95  
 0  
 95  
 Plus: Potential Development Assets  
 34  
 0  
 34  
 Concluded Value  
 \$6,475  
 \$731  
 \$7,205  
 Less: Stabilization Costs  
 (170)  
 (82)  
 (252)  
 Concluded Value  
 \$6,305  
 \$649  
 \$6,953  
 \$PSF  
 \$168  
 \$76  
 \$151  
 NAV Calculation  
 PF 9/30/13  
 Concluded Value  
 \$6,953  
 Stake in SIR (as of 2/10/14)  
 602  
 Cash  
 360  
 Other Current Assets, Net  
 54  
 Total Asset Value  
 \$7,970  
 Less:  
 Unsecured Revolving Credit Facility  
 (\$334)  
 Unsecured Term Loan  
 (500)  
 Unsecured Notes  
 (1,361)  
 Mortgage Notes Payable  
 (920)



Series D Preferred Stock

(380)

Series E Preferred Stock

(275)

Total Debt + Preferred stock

(\$3,769)

Net Asset Value

\$4,200

Shares Outstanding

118

NAV / Share

\$35.48

(2)

(3)

(4)

In-Place Cash NOI

Plus: Property Management Fee Savings

Plus: Stabilization Improvement, Implied

Valuation Update

2-Year Forward Share Price Analysis

The illustrative roll-forward analysis below demonstrates the potential to drive substantial value creation through thoughtful capital allocation strategies

CWH  
could  
close  
the  
gap  
between

its  
stock  
price  
and  
NAV  
by  
using  
excess  
cash  
flow  
and/or  
proceeds  
from  
non-core  
asset  
sales to buy back stock at prices below NAV  
Analysis  
assumes  
stabilized  
NOI  
remains  
flat,  
ie,  
no  
market  
growth  
in  
the  
office  
sector  
72  
2013E  
2014E  
2015E  
Estimated CAD (Wall Street Consensus)  
\$150.0  
\$483.0  
Business Mgmt. Fees Savings  
\$11.0  
Cap Rate Assumed  
7.50%  
Property Mgmt. Fees Savings  
10.0  
Implied CWH TEV  
\$6,440.0  
Incremental CAD  
\$21.0  
CWH Pro forma Net Debt (Net of SIR, Cash, other assets)  
1,973.3  
Annualization Adjustment-Q1 '13 Bond Tender

10.2  
 Preferred Equity  
 655.0  
 Adjusted CAD  
 \$181.2  
 \$181.2  
 \$181.2  
 Implied CWH Equity Value  
 \$3,811.7  
 Adj CAD reflects abnormally high g&a in starting CAD figure  
 Implied CWH Share Price, 12/31/15  
 2.5%  
 \$40.13  
 Current Quarterly Dividend  
 \$0.25  
 \$0.25  
 % Change to Stock Price at 2/10/14  
 56.3%  
 Avg. Shares Outstanding  
 111.9  
 100.3  
 Memo: Shares Outstanding  
 95.0  
 Annual Dividends Paid  
 \$111.9  
 \$100.3  
 Implied CWH Share Price  
 2014E  
 2015E  
 Non-Core Asset Sales/year  
 CAD after Dividends Paid  
 \$69.3  
 \$81.0  
 \$40.13  
 \$0.0  
 \$150.0  
 \$300.0  
 \$450.0  
 \$600.0  
 Non-Core Asset Sales  
 300.0  
 300.0  
 7.00%  
 \$43.11  
 \$43.95  
 \$44.97  
 \$46.21  
 \$47.76  
 Divested NOI (Assumes Dispositions Mid-Year)  
 (11.3)

(33.8)  
 Cap  
 7.25%  
 40.83  
 41.57  
 42.46  
 43.56  
 44.92  
 Share Repurchases  
 \$358.1  
 \$347.2  
 Rate  
 7.50%  
 38.70  
 39.35  
 40.13  
 41.08  
 42.27  
 Share Repurchase Price Assumed  
 \$28.00  
 \$33.00  
 7.75%  
 36.71  
 37.27  
 37.94  
 38.76  
 39.79  
 % Premium to Stock Price at 2/10/14  
 9.0%  
 28.5%  
 8.00%  
 34.84  
 35.32  
 35.89  
 36.59  
 37.47  
 Shares Repurchased  
 12.8  
 10.5  
 % Change to Current Share Price  
 % of Shares Outstanding (Current)  
 10.8%  
 8.9%  
 Non-Core Asset Sales/year  
 \$0.0  
 \$150.0  
 \$300.0  
 \$450.0  
 \$600.0  
 Beginning Shares

118.3

105.5

7.00%

67.9%

71.2%

75.1%

80.0%

86.0%

Ending Shares

105.5

95.0

Cap

7.25%

59.0%

61.9%

65.4%

69.6%

74.9%

Avg. Shares Outstanding

111.9

100.3

Rate

7.50%

50.7%

53.2%

56.3%

60.0%

64.6%

7.75%

42.9%

45.1%

47.7%

50.9%

55.0%

Dividend Coverage

8.00%

35.7%

37.5%

39.8%

42.5%

45.9%

Adj. CAD after Non-Core Asset Sales

\$170.0

\$147.5

Annual Dividends Paid

\$111.9

\$100.3

Payout Ratio

65.8%

68.0%

Stabilized Cash NOI (after Non-Core Asset Sales)  
(in millions, except per share amounts)

73

Valuation Update

Public Peer Analysis

Our weighted average cap rate for the continuing operations portfolio is 7.3% vs. the public peer average of 6.7% despite CWH having a higher percentage of CBD/urban infill assets

Note: Stock prices as of 2/10/14. All CWH statistics based on continuing operations portfolio only.

See other footnotes on page 80.

(7)

(7)



(7)  
(7)  
(7)  
(6)  
(6)  
(6)  
(6)  
(6)  
(NAV)  
(1)  
CommonWealth  
(Current price)  
Peer Avg.  
Brandywine  
Parkway  
(2)  
Highwoods  
(3)  
Piedmont  
Cousins  
Share price  
\$35.51  
\$25.68  
\$13.98  
\$17.77  
\$37.27  
\$16.25  
\$10.76  
Implied cap rate  
(4)  
7.3%  
8.7%  
6.7%  
7.0%  
6.2%  
6.9%  
6.7%  
6.6%  
TEV / SF  
\$208  
\$177  
\$200  
\$187  
\$246  
\$169  
\$210  
\$190  
% CBD / urban infill  
66.6%  
62.1%

46.7%  
 27.7%  
 70.8%  
 20.0%  
 64.2%  
 51.0%  
 Avg gross rent \$PSF  
 \$20.34  
 \$18.62  
 \$23.46  
 \$23.28  
 \$24.27  
 \$21.36  
 \$26.85  
 \$21.54  
 Top 5 Markets  
 (5)  
 Chicago  
 Philadelphia Suburbs  
 Houston  
 Raleigh  
 Washington, D.C.  
 Atlanta  
 % of total rent / NOI  
 12.7%  
 28.4%  
 34.7%  
 18.8%  
 22.8%  
 48.0%  
 Avg gross rent \$PSF  
 \$22.06  
 N/A  
 \$22.27  
 \$20.23  
 \$34.48  
 N/A  
 Philadelphia  
 Philadelphia CBD  
 Charlotte  
 Atlanta  
 New York  
 Houston  
 % of total rent / NOI  
 11.9%  
 24.6%  
 14.0%  
 15.0%  
 16.4%  
 30.0%

Avg gross rent \$PSF  
 \$28.30  
 N/A  
 \$24.61  
 \$25.79  
 \$33.22  
 N/A  
 Austin  
 Metropolitan DC  
 Atlanta  
 Nashville  
 Chicago  
 Austin  
 % of total rent / NOI  
 6.8%  
 20.6%  
 10.2%  
 13.5%  
 12.5%  
 5.0%  
 Avg gross rent \$PSF  
 \$17.44  
 N/A  
 \$25.83  
 \$25.57  
 \$27.03  
 N/A  
 Indianapolis  
 New Jersey / Delaware  
 Jacksonville  
 Tampa  
 Minneapolis  
 Dallas  
 % of total rent / NOI  
 4.2%  
 9.1%  
 10.2%  
 12.5%  
 7.5%  
 4.0%  
 Avg gross rent \$PSF  
 \$22.48  
 N/A  
 \$20.94  
 \$18.74  
 \$27.80  
 N/A  
 Denver  
 Austin  
 Phoenix

Richmond  
Boston  
Birmingham  
% of total rent / NOI  
4.0%  
6.7%  
7.4%  
10.1%  
6.6%  
3.0%  
Avg gross rent \$PSF  
\$27.89  
N/A  
\$26.00  
\$18.94  
\$25.09  
N/A  
CommonWealth

74

Valuation Update

How We Stack Up Against Management's Estimate of Value

(1)

CWH Investor Presentation, April 22, 2013.

(2)

Based on concluded value of approximately \$7.1BN.

Our valuation is \$124 million lower than management's own estimates

(1)

of  
value  
on  
nearly  
20%  
of  
the  
portfolio  
(2)  
,  
pointing  
to  
the reasonableness of our \$35 per share NAV estimate  
Related/  
Corvex  
Value  
\$248MM  
\$236MM  
\$194MM  
\$366MM  
\$110MM  
\$113MM  
\$1,267mm  
\$1,391mm

75

Valuation Update

Portfolio Concentration

Top 10 Markets

The Top 10 markets, by concluded value, account for over 50% of the value of the entire portfolio

(1)

(1)

Excludes Australia and land in Austin.

Our weighted average cap rate for the Top 10 markets in CWH's portfolio is 6.8% while the

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average implied cap rate of the public peers is 6.7%

Given that the portfolio of assets in CWH's Top 10 markets are comparable or superior to the full portfolios of the average public peer, we believe our weighted average cap rate compares favorably

NOI

Concluded

Concluded

% Concluded

#

City

(\$MM)

Cap Rate

Value (\$MM)

Value (\$PSF)

Value

1

Chicago

\$63

7.2%

\$865

\$204.32

12.4%

2

Philadelphia

\$67

7.0%

\$851

\$185.13

12.2%

3

Austin

\$36

7.0%

\$511

\$202.01

7.3%

5

Bellevue

\$19

5.6%

\$330

\$500.02

4.7%

4

Denver

\$21

6.8%

\$312

\$338.40

4.5%



6  
Indianapolis  
\$22  
7.5%  
\$287  
\$169.40  
4.1%  
7  
Hoboken  
\$12  
6.0%  
\$194  
\$371.33  
2.8%  
8  
Boca Raton  
\$12  
7.0%  
\$172  
\$268.60  
2.5%  
9  
Washington D.C.  
\$9  
5.1%  
\$156  
\$364.70  
2.2%  
10  
Milwaukee  
\$11  
7.6%  
\$141  
\$173.92  
2.0%  
Top 10 Markets  
\$271  
6.8%  
\$3,817  
\$229.93  
54.9%

76

Valuation Update

Portfolio Concentration

Top 20/Top 50 Assets

CWH's entire portfolio has approximately 305 properties but only 50 of these assets account for almost 80% of total portfolio value

(1)

Based on Company Filings.

Top 20 Assets

The Top 20 assets, by concluded

value, account for over 55% of the value of the portfolio, or over 60% if assets held in discontinued operations are excluded

Top 50 Assets

The Top 50 assets, by concluded value, account for nearly 80% of the value of the portfolio, or nearly 90% if assets held in discontinued operations are excluded

We believe CWH's Top 20 assets represent a portfolio of comparable or superior quality relative to the full portfolios of CWH's public peers yet we value CWH's Top 20 assets at a weighted average cap rate of 7.1% while the average public peer trades at an implied cap rate of 6.7%

Subset

Reported

Occupancy

Net Rentable

Area

As-Stabilized

NOI (\$MM)

Cap Rate

Concluded

Value (\$MM)

Concluded

Value PSF

% of Concluded

Value

Top 20 Assets

91.3%

18,380,734

\$285

7.1%

\$3,926

\$213.61

56.5%

Top 50 Assets

90.3%

27,521,106

403

7.2%

5,477

199.00

78.8%

Other Continued Operations

87.5%

9,875,136

62

8.3%

828

83.87  
11.9%  
Total Continued Operations  
89.5%  
37,396,242  
\$465  
7.3%  
\$6,305  
\$168.59  
90.7%  
Total Discontinued Operations  
(1)  
71.3%  
8,502,942  
63  
8.7%  
649  
76.27  
9.3%  
Total  
86.2%  
45,899,184  
\$528  
7.5%  
\$6,953  
\$151.49  
100.0%

77

Valuation Update

Chicago Portfolio

CWH's Chicago assets account for roughly 12% of the portfolio's total value

Recent Transactions

120 S. Riverside

Nov-13

\$264 PSF

6.3% cap rate

111 W. Jackson

Dec-13  
\$237 PSF  
6.5% cap rate  
300 S. Wacker

Aug-13  
\$220 PSF  
6.3% cap rate  
625 N. Michigan

Jun-13  
\$316 PSF  
6.0% cap rate

Source:

Comparable data comes from CBRE, HFF and MBReal Estate

We believe our 7.2% weighted average cap rate and weighted average value per square foot of \$204 compare favorably to recent transaction comparables in the market place

City  
NOI (\$MM)  
Cap Rate  
Concluded  
Value (\$MM)  
Concluded  
Value PSF

Chicago Assets  
\$63  
7.2%  
\$865  
\$204.32

While core cap rates are hovering around 6.0%, it should be noted that in three of five cases core office cap rates dipped below 6.0% in 2013.

CBRE Chicago Downtown Office MarketView Q4 2013

78

Valuation Update

Philadelphia Portfolio

CWH's Philadelphia assets account for roughly 13% of the portfolio's total value

Recent Transactions

1500 Spring Garden

Oct-13

\$171 PSF

6.99% cap rate

Commerce Sq I & II

Dec-13

\$175 PSF

6.5% cap rate

2000 Market

Mar-13

\$165 PSF

7.0% cap rate

Source:

Comparable data comes from CBRE, HFF and MBReal Estate

We believe our 7.0% weighted average cap rate and weighted average value per square foot of \$185 compare favorably to recent transaction comparables in the market place

City

NOI (\$MM)

Cap Rate

Concluded

Value (\$MM)

Concluded

Value PSF

Philadelphia Assets

\$67

7.0%

\$851

\$185.13

This transaction enables us to acquire two of Philadelphia's Trophy-class CBD properties [(Commerce Sq I and II)] at a significant discount to replacement cost.

Gerard H. Sweeney, President and CEO of Brandywine



79

Valuation Update

By Asset Type and Vintage

Over 60% of CWH's assets are located in CBD locations or close to 70% if assets held in discontinued operations are excluded

(\$ and SF in millions, except PSF)

# of

Cap

Concluded

Concluded

Property Type  
 Properties  
 SF  
 Rate  
 NOI  
 Value  
 Value PSF  
 Office -  
 CBD  
 52  
 22.0  
 7.2%  
 \$314  
 \$4,215  
 \$192  
 Office -  
 Suburban  
 188  
 17.2  
 7.8%  
 184  
 2,256  
 131  
 Industrial  
 47  
 6.0  
 8.4%  
 21  
 344  
 57  
 Other  
 18  
 0.8  
 8.7%  
 9  
 138  
 179  
 Portfolio  
 305  
 45.9  
 7.5%  
 \$528  
 \$6,953  
 \$151  
 (\$ and SF in millions, except PSF)  
 # of  
 Cap  
 Concluded  
 Concluded  
 Vintage

Properties  
SF  
Rate  
NOI  
Value  
Value PSF  
Prior to 2000  
70  
9.6  
7.1%  
\$129  
\$1,689  
\$177  
2000 -  
2005  
97  
11.3  
7.8%  
101  
1,248  
110  
2006 -  
2008  
70  
7.9  
8.4%  
60  
688  
87  
2009 -  
2011  
62  
12.6  
7.3%  
180  
2,538  
201  
Since 2012  
6  
4.5  
7.3%  
58  
790  
175  
Portfolio  
305  
45.9  
7.5%  
\$528  
\$6,953

\$151  
Portfolio  
Summary  
-  
by  
Property  
Type  
Portfolio  
Summary  
-  
by  
Vintage

80

Valuation Update

Footnotes

(1)

(2)

(3)

Footnotes to p. 73

(4)

(5)

(6)

(7)

Source: Company filings, Factset, SNL, Greenstreet Advisors

Per estimates from Related.

Pro forma for acquisition of Thomas Properties Group.

Highwoods data excludes industrial and retail.

Per

Greenstreet

Advisors,

except

for

CWH.

CWH

implied

cap

rates

exclude

discontinued

operations

and

are

based

on

total

portfolio Stabilized Cash NOI of \$528 million.

% of total for Top 5 markets represents nine months ended 9/30/2013.

Parkway only discloses rent by market.

Parkway rent per square foot for individual markets as of 12/31/2012.