



CommonWealth REIT Shareholder Alleges Management Enriched Itself At Company's Expense And Seeks Damages and To Enjoin Further Self-dealing in Lawsuit Filed by Chimicles & Tikellis LLP

Public pension fund seeks damages and a court order enjoining CommonWealth REIT's management from further related-party transactions and consummating a recently-announced Equity Offering and Tender Offer; the suit was filed by Chimicles & Tikellis LLP and Shapiro Haber & Urmy LLP in Federal Court in Massachusetts

BOSTON, Feb. 28, 2013 /PRNewswire-USNewswire/ -- Chimicles & Tikellis LLP, Haverford, PA, and Shapiro Haber & Urmy LLP, Boston, MA, today announced that public pension fund Delaware County Employees Retirement Fund initiated a shareholder derivative action in federal court in Boston, Massachusetts on behalf of Massachusetts-based CommonWealth REIT ("CWH") against its co-founder Barry Portnoy and his son Adam Portnoy ("Portnoys"), and their wholly-owned entity Reit Management & Research, LLC ("RMR"), and certain other former and current officers and trustees of CWH (collectively, "Defendants").

CWH is a public real estate investment trust ("REIT") that owns and operates office and industrial buildings and leased industrial land worth nearly \$7 billion. CWH's operations are conducted by RMR, its external manager, pursuant to hefty fee-based management agreements with RMR. The Portnoys own RMR and sit on CWH's Board of Trustees ("Board"), which consists of the Portnoys' longtime friends and business associates. Through their control of the Board and RMR, the Portnoys control CWH.

In its 65-page Complaint, Plaintiff alleges a long history of management abuse, self-dealing, and waste which resulted in various breaches of fiduciary duties owed by Defendants to CWH, including the transfer of CWH's best properties to other REITs formed and controlled by RMR for the benefit of the Portnoys. By diverting key assets, RMR (and the Portnoys) were able to borrow and raise more capital, acquire more properties and earn more management fees from the other REITs controlled by RMR.

The repercussions of this misconduct and the negative impact on CWH's financial condition became apparent on August 8, 2012 when management announced that it would need to cut CWH's quarterly dividend, resulting in CWH's stock price dropping nearly 10%. This led to a securities fraud class action that exposes CWH to substantial damages and litigation costs. The alleged misconduct has rendered the Company and its shareholders vulnerable to a buy out at a discounted price and, indeed, on February 26, 2013, shareholders Corvex

Management, LP and Related Fund Management, LLC lodged a public attack on CWH's management and threatened to offer to buy all of the Company's stock at a price these shareholders believe is substantially discounted.

Plaintiff alleges that the Court's intervention is needed to recover damages for the benefit of CWH and its shareholders, and to enjoin the Company's management from engaging in further self-dealing, mismanagement and waste of CWH's assets. Plaintiff also seeks to enjoin the recently-announced proposed Equity Offering and Tender Offer whereby CWH plans to sell 27,000,000 shares of its common stock to the market and use the proceeds to purchase certain of its senior notes.

At the outset of this Litigation, Plaintiff intends on attacking a self-serving bylaw unilaterally adopted by Defendants that seeks to prohibit CWH shareholders from having a Court resolve their investor grievances.

If you are interested in discussing your rights as a CWH shareholder and/or have information relating to the matter, please contact Plaintiff's counsel. You may also obtain a copy of the Complaint, or learn more about this action, on our websites.

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