

LANDandBUILDINGS

Land and Buildings Sends Letter to Lead Independent Director of Associated Estates

Stamford, CT— (December 3, 2014) – Today Land and Buildings, an investment firm specializing in publicly traded real estate and real estate related securities, released a public letter to Richard T. Schwartz, Lead Independent Director of Associated Estates Realty Corporation’s (NYSE: AEC) (“AEC”, “Associated Estates”, or the “Company”) Board of Directors, calling on him to form a special committee to analyze options for maximizing shareholder value at AEC.

The full text of the letter can be found below:

December 3, 2014

Richard T. Schwarz
Partner
Edgewater Capital
5005 Rockside Rd., Suite 840
Cleveland, Ohio 44131

Dear Mr. Schwarz:

Land and Buildings is disappointed but not surprised by Associated Estates Corporation’s (“AEC”, “Associated Estates”, or the “Company”) response to our November letter stating our intention to nominate seven highly-qualified directors to replace the Board of Associated Estates. Given what we view as the Company’s 20-year plus track record of not maximizing shareholder value, we seek, in addition to the Board level and strategy changes that we have previously outlined and that are desperately needed, immediate action on the following:

- Land and Buildings calls on you, in your capacity as Lead Independent Director of Associated Estates’ Board of Directors and an experienced investor as a Partner at private equity firm Edgewater Capital, to immediately publicly announce the formation of a special committee, comprised of all independent directors and one of our nominees as an observer, to analyze all available options to maximize shareholder value at AEC.
- Land and Buildings insists the special committee hires an independent, nationally recognized independent investment bank to undertake a thorough analysis and evaluate all options to maximize shareholder value at the Company.

Green Street noted in a report titled *Associated Estates (AEC): Slated For Change*, published on November 17, 2014, that “AEC’s management team and Board are laden with conflicts of interest, disincentivizing management from acting in the best interest of shareholders...The Board has demonstrated no interest in maximizing shareholder value via a sale or the replacement of the management team that has overseen perpetual underperformance.”

We hope you will act in the best interest of shareholders and call on you to take this immediate action.

Sincerely,



Jonathan Litt

Land and Buildings

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About Land and Buildings:

Land and Buildings is a registered investment manager specializing in publicly traded real estate and real estate related securities. Land and Buildings seeks to deliver attractive risk adjusted returns by opportunistically investing in securities of global real estate and real estate related companies, leveraging its investment professionals' deep experience, research expertise and industry relationships.

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LAND & BUILDINGS CAPITAL GROWTH FUND, L.P., LAND & BUILDINGS INVESTMENT MANAGEMENT, LLC AND JONATHAN LITT (COLLECTIVELY, "LAND & BUILDINGS") AND MARC BROMLEY, MICHAEL DEMARCO, CHARLES ELSON, DANA HAMILTON, GREGORY HUGHES AND SCOT SELLERS (TOGETHER WITH LAND & BUILDINGS, THE "PARTICIPANTS") INTEND TO FILE WITH THE SECURITIES AND EXCHANGE COMMISSION (THE "SEC") A DEFINITIVE PROXY STATEMENT AND ACCOMPANYING FORM OF PROXY CARD TO BE USED IN CONNECTION WITH THE PARTICIPANTS' SOLICITATION OF PROXIES FROM THE STOCKHOLDERS OF ASSOCIATED ESTATES REALTY CORPORATION (THE "COMPANY") FOR USE AT THE COMPANY'S 2015 ANNUAL MEETING OF STOCKHOLDERS (THE "PROXY SOLICITATION"). ALL STOCKHOLDERS OF THE COMPANY ARE ADVISED TO READ THE DEFINITIVE PROXY STATEMENT AND OTHER DOCUMENTS RELATED TO THE PROXY SOLICITATION, WHEN THEY BECOME AVAILABLE, BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION, INCLUDING ADDITIONAL INFORMATION RELATED TO THE PARTICIPANTS. WHEN COMPLETED, THE DEFINITIVE PROXY STATEMENT AND AN ACCOMPANYING PROXY CARD WILL BE FURNISHED TO SOME OR ALL OF THE COMPANY'S STOCKHOLDERS AND WILL BE, ALONG WITH OTHER RELEVANT DOCUMENTS, AVAILABLE AT NO CHARGE ON THE SEC'S WEBSITE AT [HTTP://WWW.SEC.GOV/](http://www.sec.gov). IN ADDITION, INNISFREE M&A INCORPORATED, LAND & BUILDING'S PROXY SOLICITOR, WILL PROVIDE COPIES OF THE DEFINITIVE PROXY STATEMENT AND ACCOMPANYING PROXY CARD, WHEN AVAILABLE, WITHOUT CHARGE UPON REQUEST.

INFORMATION ABOUT THE PARTICIPANTS AND A DESCRIPTION OF THEIR DIRECT OR INDIRECT INTERESTS BY SECURITY HOLDINGS IS CONTAINED IN EXHIBIT 2 TO THE SCHEDULE 14A FILED BY LAND & BUILDINGS WITH THE SEC ON NOVEMBER 17, 2014. THIS DOCUMENT CAN BE OBTAINED FREE OF CHARGE FROM THE SOURCES INDICATED ABOVE.

Cautionary Statement Regarding Forward-Looking Statements

This communication contains “forward-looking statements” that involve numerous risks and uncertainties. The statements contained in this communication that are not purely historical are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All forward-looking statements included in this document are based on information available to Land and Buildings on the date hereof. In some cases, you can identify forward-looking statements by terminology such as “may,” “will,” “seek,” “should,” “could,” “expect,” “anticipate,” “project,” “estimate,” “intend,” “continue” or “believe” or the negatives thereof or other variations thereon or comparable terminology. Such statements are not guarantees of future performance or activities. Due to various risks, uncertainties and assumptions, actual events or results or actual performance may differ materially from those reflected or contemplated in such forward-looking statements. The opinions of Land and Buildings are for general informational purposes only and do not have regard to the specific investment objective, financial situation, suitability or particular need of any specific person, and should not be taken as advice on the merits of any investment decision. This material does not recommend the purchase or sale of any security. Land and Buildings reserves the right to change any of its opinions expressed herein at any time as it deems appropriate. Land and Buildings disclaims any obligation to update the information contained herein. Land and Buildings and/or one or more of the investment funds it manages may purchase additional Associated Estates Realty shares or sell all or a portion of their shares or trade in securities relating to such shares.