Land & Buildings Calls on Equity Commonwealth to Take Long Overdue Step of Liquidating Remaining Assets and Returning Capital to Shareholders

Notes that the Company Currently Has More than 20% Upside to Consensus NAV, is Trading Below the Value of its $2.2 Billion in Cash and Has Materially Underperformed the REIT Index Over the Trailing 1, 3, 5 and 10 Years

Believes that the Current Board Has Allowed G&A Costs and Executive Compensation to Become Disproportionately Excessive, Spending $37 Million Last Year to Manage Just Four Properties

Land & Buildings Stands Ready to Take Any Actions Necessary to Maximize Value for Equity Commonwealth Shareholders

Stamford, CT (March 13, 2024) – Today, Land & Buildings Investment Management, LLC (together with its affiliates, "Land & Buildings"), a 3% shareholder of Equity Commonwealth (NYSE: EQC) ("EQC" or the "Company"), released a letter it recently sent to the Company's Board of Directors (the "Board").

Land & Buildings Founder and Chief Investment Officer Jonathan Litt stated:

"For some time, it has been our view that given the makeup of EQC's real estate portfolio, the Company's more than $2 billion in cash representing over 85% of assets and the dynamics of the current public and private real estate markets, the best pathway for shareholders of Equity Commonwealth would be the liquidation of its four remaining properties and the return of its cash to shareholders. In fact, on the Company's most recent earnings call, management stated that if "transformative investments" for Equity Commonwealth could not be found soon, it would need to look "longer and harder at perhaps selling the four remaining properties and liquidating the Company."[1] Equity Commonwealth's executives have been making similar promises for years while shareholders continue to suffer. We believe the evidence is overwhelming that the time for action is now.

We initially expressed these views privately to the Board. Unfortunately, in our engagement with Chair, President and CEO David Helfand, he repeated the same refrain he has for years: he will liquidate the Company if he cannot find an attractive investment opportunity. It appears he believes that continuing to run up exorbitant G&A costs – primarily spent on executive compensation – is the better choice than an immediate liquidation. However, we believe 10 years is long enough.

A decade ago, the intervention of shareholder advocates, including the legendary Sam Zell, was needed to reset the direction of Equity Commonwealth's predecessor entity. A new round of shareholder advocacy is required now. If the Board continues to take its current stance, we are committed to exercising our rights as shareholders to send a clear message about the need for immediate action that is in the best interests of shareholders, not management."

The full text of the letter to the Board is below:

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[1] COO David Weinberg, EQC's Q4 2023 Earnings Call (February 13, 2024).

March 7, 2024

Equity Commonwealth

Two North Riverside Plaza
Suite 2000
Chicago, IL 60606
Attention: Board of Directors

Dear Equity Commonwealth Board of Directors,

We are nearing the 10-year anniversary of Sam Zell's and Keith Meister's takeover of CommonWealth REIT from Barry and Adam Portnoy. We believe that this event, and the subsequent reorganization of the company into Equity Commonwealth ("EQC" or the "Company"), represents one of the greatest corporate governance victories in the recent history of the real estate sector.

However, we believe continuing the status quo at EQC risks squandering this success. Further, recent actions by the Company necessitate a course correction. **It is long overdue for Equity Commonwealth to undergo a complete liquidation of its remaining assets and return the cash to shareholders**.

- **With greater than 20% upside to consensus NAV, and trading below the value of its cash, it is highly unlikely EQC can execute on a transaction that will create more value relative to a full liquidation of the Company.** Private market pricing for the property types EQC is targeting, industrial warehouses and residential, remain full. There is limited distress in the private market as fundamentals remain sound and values have not declined enough to cause substantial debt maturity issues. Moreover, the vast majority of warehouse and residential REITs are trading at material discounts to NAV today. We would not expect EQC to be any different, particularly without a platform or track record in those subsectors.

- **EQC has materially underperformed the REIT Index over the trailing 1, 3, 5, and 10 years.** In fact, the annualized total return of EQC since shareholders voted out the Portnoys in March 2014 is just over 1%. Shareholders made an impressive return during Corvex's activist campaign in 2013 but have earned next to nothing since the majority of the current Board of Directors (the "Board") was elected and while they waited for value to be crystallized. It is now time for shareholders to be rewarded for their patience.

- **G&A costs remain excessive and are a black eye for the Company.** The Company spent $37 million in G&A last year to manage a small office portfolio. Since the Company was whittled down to just four office properties during 2020, it has spent over $119 million on overhead expenses, with a significant amount of that going to executive compensation.

- **Interest income is set to decline, materially reducing earnings power.** The more than $2 billion in cash on the balance sheet has been an asset to the Company as the Federal Reserve increased interest rates more than 500bps over the past two years. This interest income helped offset declining office NOI and disproportionately high G&A expenses. The Federal Reserve has been clear it intends to cut rates, starting this year. Interest income is likely set to decline at EQC in the foreseeable future, turning the cash on the balance sheet into an anchor on the Company.

- **Office asset values and fundamentals have no imminent recovery in sight.** As you are well aware, office fundamentals continue to be challenged and there is no obvious reason why that should change in the near future given weak leasing activity and still depressed employee office utilization nationally. Capital markets conditions are difficult across real estate, particularly in office, but capital markets are not closed. In fact, there are signs of life in commercial real estate lending and transaction activity and a potential inflection in capital markets activity in 2024. One-off office sales are occurring with increased regularity, as evidenced by numerous transactions announced by public REITs this earnings season. The time is right to sell the remaining office assets.

Based on the foregoing, we believe Equity Commonwealth should immediately announce a complete liquidation of its remaining assets and return the cash to shareholders.

While Land & Buildings hopes the Board will take immediate action, we will not hesitate to do whatever is necessary to maximize value for all shareholders of the Company.

Sincerely,

Jonathan Litt
Founder and CIO
Land & Buildings

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