



October 16, 2022

VIA EMAIL

Mr. Charles Kushner
Kushner Companies
767 Fifth Avenue
New York, NY 10153

Dear Mr. Kushner,

I am writing in response to your October 4th email to Akiva Katz, which he subsequently shared with the Veris Residential, Inc. (the “Company”) Board of Directors (the “Board”). As a significant shareholder of the Company, we appreciate your continued interest in exploring ways to maximize the value of Veris Residential.

Since the Board was reconstituted in June 2020, its primary focus has been to drive meaningful shareholder value creation by transforming the Company into a pure-play multifamily REIT with best-in-class corporate oversight and governance. As evidenced by last week’s announced binding agreement to sell Harborside 1, 2 & 3 and closing of the sale of 101 Hudson Street,¹ the Company is now in the final phase of this transformation. Inclusive of these transactions – which follow an additional \$1.4 billion of non-strategic divestitures – 98% of Veris Residential’s Net Operating Income (NOI)² will be derived from its multifamily assets, up from 39% as of the end of the first quarter of 2021. Management has delivered on this strategy in 18 months, well ahead of initial expectations despite a deeply inhospitable transaction market. In addition, the Company has strengthened its balance sheet (repaying over \$1.2 billion of debt since 2021), delivered sector-leading NOI and blended net rental growth (28% and 21% year-over-year growth, respectively, as of the end of the second quarter of 2022), and restored shareholder-friendly corporate practices.

Despite this significant operational progress, value from our transformation is not currently reflected in the Company’s stock price. This is frustrating to the Board, Company management, and no doubt – to all of the Company’s long-term shareholders. However, given the historic rise in interest rates, high inflation, and commensurate market dislocation affecting all securities, Veris Residential is one of many residential REITs trading at a significant discount to net asset value (NAV). Considering this challenging macroeconomic backdrop – and coupled with the extent to which Veris Residential’s transformation is not entirely complete (with meaningful equity value to be unlocked from the disposals of our final non-strategic assets) – we believe it is premature to conclude that the Company’s intrinsic value will not be realized in the coming months. As most

¹ [“Veris Residential Nears Completion of Strategic Transformation with Anticipated Sale of Harborside 1, 2 and 3 and Closing of 101 Hudson Street Transaction”](#) press release issued October 10, 2022.

² Inclusive of pro-forma for the stabilization of Haus25 (currently over 78% leased).

recently demonstrated by the 17% increase in Veris Residential’s stock price in the days following the announcement of the aforementioned divestitures (outperforming the NAREIT multifamily index by 14.6%)³, public market investors and analysts continue to respond favorably to changes at the Company. As noted in Evercore ISI’s October 10th analyst report, “[W]e view the transaction favorably as Veris is able to continue the simplification process (amidst a challenging transaction market) towards the company’s goal of becoming a pure-play multifamily REIT.”⁴

The Company’s October 10th press release also referenced that – concurrent with the near-conclusion of the Company’s transformation – the Board’s Strategic Review Committee will be evaluating the best opportunities to unlock the substantial value that has been created for our shareholders; this includes management’s continued focus on streamlining operations to reduce costs. While Kushner Companies has been a shareholder of Veris Residential for only a few months, longtime Veris Residential shareholders know the Company’s current cost structure is a vestige of the Company’s past. When current management was instituted, Veris Residential was operating as two disparate companies – Mack-Cali Realty Corporation (predominantly commercial) and Roseland Residential Trust (residential) – with two separate, largely duplicative cost structures. While the process of combining and restructuring these operations continues, costs have already been reduced from \$48 million to \$41 million over the last 24 months.⁵ Ongoing reduction of this expense is anticipated once the transformation is complete, with the Board evaluating all ways to lower costs to the benefit of shareholders.

In your latest communication (dated October 4th), you outlined a number of suggestions for the Company, in addition to an attempt to pivot away from your earlier unsolicited proposal for Kushner Companies to externally manage Veris Residential. As discussed, public market investors generally shun externally managed REITs, and for good reason. Over the past 10 years, externally managed REITs have underperformed their internally managed peers by 93%, and traded at a significantly wider discount to NAV (~35%) and lower earnings multiple (~9.0x lower price to AFFO).⁶ Additionally, external management contracts – particularly those between a company and a shareholder with a competing business – are rife with potential conflicts and hamper a company’s strategic flexibility. As such, an external management contract with Kushner Companies would not only be deleterious to Veris Residential’s intrinsic value, but also fundamentally serve to misalign incentives between Kushner Companies and all other Veris Residential shareholders.

Your latest proposal of a “consulting agreement” between Veris Residential and Kushner Companies – coupled with Board representation and management changes – would be similarly susceptible to such conflicts. The Board has reviewed all of your suggestions in close consultation with external legal and financial advisors, and strongly believes that implementing these changes would not be in shareholders’ best interests. As currently constituted, the Board possesses the requisite real estate (including multifamily), management, financial and governance experience relevant to the oversight of a publicly-traded multifamily REIT. Additionally, based on the

³ Market data as of October 13, 2022; sector index return weighted by market capitalization.

⁴ Evercore ISI analyst note, “Simplification Process Continues,” dated October 10, 2022.

⁵ Based upon annualized G&A less separation and severance costs as reported in the Company’s form 10-Q for the quarter ending June 30, 2022 versus annualized G&A less separation and severance costs as reported in the Company’s form 10-Q for the year ending December 31, 2020.

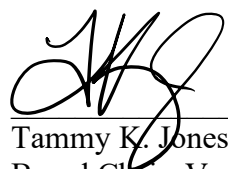
⁶ Market data as of October 13, 2022.

substantial progress made on the Company’s transformation, it is evident that management has the strategic mindset, execution expertise and multifamily operational skills needed to drive meaningful value at Veris Residential. Notably, in its October 10th analyst report, Green Street stated, “[M]anagement deserves credit for executing on the transactions during volatile credit market conditions and a generally challenging backdrop for the office business. The transactions also represent good progress towards a cleaner portfolio and healthier balance sheet for Veris, which the public market welcomed in Monday’s trading, with Veris outperforming apartment peers by 1,100 bps.”⁷

The Board has openly engaged with Kushner Companies via three in-person meetings and multiple telephone calls over the last several months, and welcomes continued, constructive dialogue. However, your most recent suggestion – that you “will be forced”⁸ to make your views of Veris Residential public if we “rebuffed”⁹ your proposal to enter into a contract that would provide financial remuneration to Kushner Companies – is inconsistent with the high standards of governance we uphold at the Company. That is not how this Board conducts business.

It is worth recalling how the current Board and management got here in the first place. Following years of value destruction at the Company, this Board was elected in 2020 and 2021 with an explicit mandate to create shareholder value and improve on a culture of opacity. Transparency is therefore a core tenet of the Company, and we encourage all shareholders to openly share their views as they see fit. Accordingly, any and all prospective business relationships – including and especially those you have proposed, all of which are highly susceptible to conflict – would be subject to a transparent, thorough, and rigorous evaluation process. To this end, as part of the Board’s ongoing efforts to strengthen its composition and add fresh perspectives, we are currently evaluating Board candidates whose skills and experience align with the Company’s new strategic direction. Should Kushner Companies, or any shareholder, have candidates they would like us to evaluate as part of this process, we welcome their suggestions and ask that referrals be made to Nori Gerardo Leitz, Chair of the Board’s Nominating and Governance Committee.

The Board is always evaluating opportunities to realize the substantial value that has been created at Veris Residential since embarking on our strategic transformation, and is always open to hearing shareholders’ views on ways we can improve. Should Kushner Companies have plans that create value for all shareholders, we look forward to hearing them.



Tammy K. Jones
Board Chair, Veris Residential

cc. Akiva Katz (Chair of the Strategic Review Committee)

⁷ Green Street analyst note, “Quick Take: Informational Veris Residential (MRPO: HOLD) Several Steps in the Right Direction,” dated October 10, 2022.

⁸ Charles Kushner’s email to Akiva Katz, dated October 4, 2022.

⁹ Ibid.