

# Comrit Issues Scathing Letter to AR Global's NYC REIT, Plans to Nominate Director

Comrit Investments 1 LP, a stockholder of New York City REIT Inc. (NYSE: NYC), has issued an open letter to the company's board regarding its decision to nominate Sharon Stern as an independent candidate for election to the board at the 2022 annual meeting of stockholders.

New York City REIT is a former non-traded real estate investment trust sponsored by AR Global Investments that listed its Class A shares on the New York Stock Exchange in August 2020.

Comrit purchases shares of non-traded REITs through unsolicited tender offers and currently owns 267,520 shares of NYC REIT.

Comrit aired its grievances with the NYC REIT board and management team in a public letter, detailing the "troubling governance, stock price underperformance, and trading price discount to net asset value."

Comrit claims that its decision to nominate a director was not done in haste, but it has spent "significant" time and resources analyzing the REIT's real estate portfolio, capital structure, and governance, and has attempted to engage with the board, only to have its views "consistently dismissed" over the years.

"Although Comrit prefers to collaborate in a constructive and private manner with the companies we invest in, we cannot sit idly by as the board continues to allow NYC REIT's balance sheet to erode and the company's stock to trade at a discount of approximately 86 percent relative to NAV," Comrit stated in

the letter.

As of market close on December 1, 2021, NYC REIT's stock price was \$6.55 compared to a net asset value of \$49.23, which was the most recent valuation disclosed by the company on August 13, 2020. Prior to a 2.43-1 reverse stock split, the NAV per share was \$20.26, as of June 30, 2019. Shares were originally priced at \$25.00 each.

"We are particularly concerned that despite stockholders enduring stock price depreciation of approximately 60 percent over the past 15 months, the company paid more than \$11.2 million in 2020 and \$10.5 million in 2019 in management fees and reimbursements to its advisor and property manager, which are entities owned and controlled by AR Global Investments," Comrit added.

Comrit also took aim at Michael Weil, who serves as chairman and chief executive officer of NYC REIT, as well as CEO of AR Global and NYC REIT's advisor and property manager.

"We question how a fully engaged and truly independent board could allow Mr. Weil to ink a generous advisory deal in favor of AR Global, which automatically renews for successive five-year terms and entitles the advisor to a more than \$15 million early termination fee, at the expense of the company's stockholders," Comrit said. "In our view, this is not only a gross misallocation of capital, especially given the company's performance, but forces us to question how seriously the directors have taken their obligations to stockholders."

Comrit alleges that the REIT's "classified board, poison pill and limitations on stockholders' ability to amend the bylaws suggests that the board is more focused on its own entrenchment than unlocking value for its investors."

Comrit's nominee to the board, Sharon Stern, is the founder and president of Eastmore Management and Metro Investments, two organizations focused on the acquisition, development and

management of multi-residential and commercial properties in downtown Montreal. She serves on the board of Cedar Realty Trust Inc. (NYSE: CDR), a publicly traded REIT specializing in grocery-anchored retail properties, as well as on its audit and compensation committees.

She is currently an advisory board member of McGill University's Desautels Faculty of Management. Prior to founding Eastmore Management in 2015, Stern worked in strategy and corporate development for the Business Development Bank of Canada. She holds a bachelor's degree from McGill University in economics and world religions and a master's degree from Brown University in public policy.

"While we want to reach a negotiated outcome and remain open to a dialogue..., we need to protect our interests and preserve our rights by nominating Ms. Stern," said Comrit. "We firmly believe she can be an asset in the boardroom and help you unlock the significant value trapped within NYC REIT's underperforming stock."

Comrit intends to file a preliminary proxy statement and accompanying proxy card with the Securities and Exchange Commission to be used to solicit votes for Stern.

Founded in 2015 and based in Tel Aviv, Washington D.C. and New York City, Comrit Investments is an investment partnership that invests in real estate through public non-traded real estate investment trusts.

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