

Investors Renew Criticism of ARC's Proposed Merger Deal for New York REIT

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Two stockholders of AR Global-managed New York REIT Inc. (NYSE: NYRT), one of Nicholas Schorsch's former non-traded real estate investment trusts known as American Realty Capital New York Recovery REIT, continue to voice their opposition to a proposed merger between the company and private real estate firm JBG Companies.

In a filing with the Securities and Exchange Commission, New York REIT disclosed that WW Investors, an entity jointly owned by Michael Ashner and Steven Witkoff, intend to file preliminary proxy statements and accompanying proxy cards with the SEC in order to solicit votes to elect five director nominees to the board. Voting will take place at the REIT's annual meeting, currently scheduled on October 24th.

Ashner is the chairman and chief executive officer of Winthrop Realty Trust, and Witkoff serves as chairman and chief executive officer of The Witkoff Group. The pair own a combined 1.2 million shares of NYRT stock. As reported



by The DI Wire, last month they [released a presentation](#) detailing their grievances with New York REIT management and the proposed JBG merger that would create an \$8.4 billion REIT with properties in New York and the Washington D.C area.

Yesterday, WW Investors released a follow-up investor presentation titled [NY REIT – JBG Proposed Combination: Defeat the Transaction](#), where they urge shareholders to reject the proposed merger when it is put up for a vote.

In this latest presentation, Ashner and Witkoff noted that the proposed combination “will destroy stockholder value, smacks of egregious greediness by its participants, and will result in an absurd dilution of New York City assets with the bagatelle of Maryland, Virginia and Washington D.C. mixed assets.”

They believe that a sale or liquidation for cash or publicly traded securities would be more profitable for shareholders.

WW Investors projected that if the merger goes through, shares could potentially trade between \$3.52 –\$5.71 each, but the investors estimate that NYRT has a liquidation net asset value range between \$11.39 – \$12.31 per share.

Ashner and Witkoff submitted nominations for five directors to serve on the New York REIT board of directors. In addition to themselves, they nominated James Hoffmann, former partner and senior vice president of asset management firm Wellington Management Company; Gregory Hughes, principal for investment firm Roscommon Capital Limited Partnership; and Neil Koenig, co-founder of accounting firm Imowitz Koenig & Co.

The duo also had strong words about the compensation of both New York REIT management and JBG Properties.

“The Schorsch compensation model is outrageous—We view the Schorsch crony compensation model, which seeks free stock, termination fees, consulting fees, listing fees, management fees, etc. as a major impediment to the execution of a reasonable sales process. It is no surprise to us that a board that would allow such egregious compensation would also agree to such an egregious [merger],” WW Investors noted in their presentation.

They added, “JBG management appears to have engineered the [merger] to provide it with between \$450 million-\$700 million in compensation through an internalization on the backs of NYRT stockholders and, thereafter, will continue to pay its executives and employees generous compensation.”

New York REIT currently owns 19 New York City properties totaling 3.3 million square feet. Shares of NYRT stock closed at \$9.46 on Tuesday.

Controversy over the management of New York REIT follows a [wave of criticism](#) of their management of several non-traded REITs and [proposed roll-up transactions](#).

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