

## COVE PARTNERS III LLC

### **PROTECT YOUR RIGHTS! VOTE AGAINST PROPOSALS 3-11 AT THE ADJOURNED ANNUAL MEETING ON SEPTEMBER 7<sup>th</sup> - ONLY YOUR LATEST DATED VOTE COUNTS.**

August 17, 2017

Dear Fellow American Realty Capital New York City REIT, Inc. Shareholders:

For the **FOURTH TIME** the Board of Directors (the “Board”) of our company American Realty Capital New York City REIT, Inc. (“ARC-NYRT” or the “Company”) is asking you to vote on proposals to amend its Charter which shareholders have already rejected **THREE TIMES**. These proposals are designed to reduce or eliminate valuable shareholder protections currently built into the Charter and open the door for unlimited and unfettered control by the Company’s external advisor. **PLEASE VOTE NO**. If you have already voted for any of these shareholder-unfriendly proposals, a later dated **BLUE** Proxy Card voting **AGAINST** these proposals will cancel your prior vote. You may vote by Internet or Telephone by following the enclosed instructions.

It is not surprising that the Board has repeatedly adjourned the 2017 Annual Meeting of Shareholders, now scheduled for September 7, 2017, in an effort to gain passage of the Charter amendments given that it engaged in a similar pattern of adjournment at last year’s annual meeting with respect to nearly the same Charter amendments. To continuously delay a vote two years in a row, solely because of dissatisfaction with the potential outcome, flies in the face of proper corporate governance and impermissibly interferes with your shareholder rights. These actions are driven by a Board hand-picked by Nick Schorsch and his external manager, whose controlled advisory companies have had serious legal and regulatory issues, including Realty Capital Securities, LLC, a Schorsch-affiliated entity and former dealer manager of the Company, which was charged with voter fraud and improper solicitation in connection with its efforts to obtain shareholder approval of a proposed deal to buy real estate assets from Nick Schorsch.<sup>1</sup>

This Board simply cannot be trusted. Each and every one of these proposals seeks to undermine statutory safeguards provided to you by your state securities administrators under the NASAA guidelines which were established to protect you against the potential abuse and devaluation of your investment by unscrupulous managers. The intent of these proposals is just that – to reduce or eliminate your rights as a shareholder and to shift value from you to the Schorsch-controlled sponsors of ARC-NYRT.

Stop this Schorsch hand-picked Board from continuously ignoring the will of its shareholders and from wasting Company money - your money - to solicit approval of proposals that eliminate your important shareholder rights and run counter to your statutory protections.

- **VOTE NO** on the proposal eliminating the Board’s stated fiduciary obligation to you, a shareholder, including the specific fiduciary duty to supervise the relationship with the Company’s Schorsch-controlled advisor.

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<sup>1</sup> In the Matter of: Realty Capital Securities LLC, case number E-2015-0034. See also articles titled “Bad News for Nicholas Schorsch’s RCS Capital Corp. (RCAP)” and “RCAP Settles Proxy Fraud Allegations With Massachusetts for \$3M, Shuts Down Wholesaling REIT Brokerage Division” available at <http://financialcounselblog.com/post/134920522279/bad-news-for-nicholas-schorsch-s-rs-capital-corp> and [https://www.stockbrokerfraudblog.com/2015/12/rcap\\_settles\\_proxy\\_fraud\\_alleg.html](https://www.stockbrokerfraudblog.com/2015/12/rcap_settles_proxy_fraud_alleg.html), respectively.

- **VOTE NO** on the proposal allowing the Board to extend the advisory agreement with the Schorsch-controlled advisor for an indefinite period of time, eliminating its current restriction to one-year renewals. Mr. Schorsch has a habit of turning his advisory company one-year agreements into 20-year agreements which would materially reduce the value of your shares.
- **VOTE NO** on the proposal eliminating the present 60-day termination right embedded in the Schorsch-controlled advisory agreement.
- **VOTE NO** on the proposal limiting shareholders' current access, your access, to the books and records of the Company.
- **VOTE NO** on the proposal permitting the Board to unilaterally interpret the Charter, through which your protections are established. Vote to keep the state-mandated NASAA guidelines designed to protect you, shareholders of ARC-NYRT, in place.
- **VOTE NO** on the proposal allowing the Board to privately sell shares in your company, which could chill good faith purchase offers for ARC-NYRT.
- **VOTE NO** on the proposal eliminating the current ability of 10% of shareholders to call a special meeting, giving the Board unfettered authority to increase this threshold by 5x - a significantly higher and in our view, impracticable threshold to achieve.
- **VOTE NO** on the proposals eliminating the current shareholder majority voting requirement before the Board can take specified actions unilaterally. But for these current protections, the Board would likely have adopted these proposals without seeking a shareholder vote.
- **VOTE NO** on the proposal eliminating the current "independent director" requirement as presently stated in the Charter. Why let this Board diminish its accountability to you?
- **VOTE NO** on the proposal which would eliminate from the "relevant experience" requirement for independent directors to have prior real estate experience. Is the Board seeking directors with "irrelevant experience" or perhaps "relevant inexperience"?
- **VOTE NO** on the proposal permitting the Board to pursue non-real estate investments. After all – we invested in a real estate company, not a solar panel vehicle or whatever else might strike their fancy.
- **VOTE NO** on the proposal eliminating the requirement of a liquidation of the Company if your shares are not publicly registered for trading within 6 years. Approve this and we fear you may never see your investment returned.

In our view, every one of these proposals takes value from you, the true owners of the Company. Do not be misled – if this Board was truly interested in protecting shareholders' best interests, why would you be asked to vote on Charter amendments for a FOURTH time after you have made your will known.

These proposals ultimately seek to transfer valuable shareholder rights into the hands of the Schorsch hand-picked Board and indirectly, the Schorsch-controlled external advisor. These proposals make the foxes sheriffs of the henhouse and in our view, represent entrenchment at its core. **VOTE NO TO ALL OF THEM.**

Make the Board live up to its promised commitments when you were sold your shares for \$25 (now worth \$21.25, according to them). If you want to retain the ability to select and hold the Board and its management team accountable, then you must vote against all of these shareholder-unfriendly proposals at the upcoming 2017 Annual Meeting.

**PROTECT THE VALUE OF YOUR INVESTMENT AND YOUR RIGHTS. DON'T BE BAMBOOZLED! VOTE AGAINST THESE CHARTER AMENDMENTS TODAY!**

Cove Partners III LLC  
Michael Ashner / John Alba

*If you have any questions, require assistance in voting your BLUE proxy card, or need additional copies of Cove Partners' proxy materials, please contact Saratoga at the phone numbers listed below.*

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