Docket #0661 Date Filed: 09/04/2026

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	Chapter 11
HUDSON 1701/1706, LLC, *et al.*,[1]	Case No. 25-11853 (KBO)
Debtors.	(Jointly Administered)

THE DEBTORS' SUPPLEMENTAL MEMORANDUM IN SUPPORT OF THEIR MOTION FOR AN ORDER DETERMINING AMOUNT OF PROSPECTIVE POST-PETITION MONTHLY RENT DUE AS AN ADMINISTRATIVE EXPENSE CLAIM

Pursuant to the Court's August 3, 2026, Order (Dkt. 616) setting forth a pretrial schedule for the September 9, 2026, evidentiary hearing in this matter, the above-captioned debtors and debtors in possession (the **"Debtors"**), by and through their undersigned counsel, file this supplemental memorandum in support of their motion seeking an order determining the amount of prospective post-petition monthly rent due to 356W58 Ground Lessor LLC (the "**Ground Lessor**"), pursuant to sections 105 and 503(b)(1)(A) of the Bankruptcy Code (Dkt. 524), and without prejudice to the determination that the Ground Lease is not a true lease.

RELEVANT BACKGROUND

As set forth in the Debtors' prior filings, the Debtors have incurred $5,104,169 under their debtor-in-possession financing facility (the "**DIP Facility**") to fund the full amount of contractual monthly rent provided for in the Ground Lease through May 2026, an excessive administrative

[1] The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are Hudson 1701/1706, LLC (0281) and Hudson 1702, LLC (0190). The Debtors' mailing address is c/o FTI Consulting, Inc. Attn: Alan Tantleff, 1166 Avenue of the Americas, 15th Floor, New York, NY 10036.

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expense burden in these pending chapter 11 cases (the **"Chapter 11 Cases"**).[2] Accordingly, on June 2, 2026, the Debtors filed their Motion for an Order Determining Amount of Prospective Post-Petition Monthly Rent Due as an Administrative Expense Claim (Dkt. 524, the "**Rent Motion**").[3]

The Debtors demonstrated in their opening papers that the current rent is excessive given the circumstances that have befallen the Hudson property (the "**Property**") since 2022. For example, the hotel-to-apartment conversion project (the "**Project**") is currently subject to two stop work orders, which have suspended work on the residential units at the Property prior to and then during the entire post-petition period, leaving the Property in a state of incomplete development. (Dkt. 524 ¶¶ 27, 29.) As such, the Property is not currently operating as the multi-family housing complex contemplated by the parties, and the Debtors generate only a small amount of revenue from the Property's single room occupancy apartments occupied by long-term tenants (the "**SRO Tenants**"). (Dkt. 524 at 1-2; ¶ 29.) Moreover, the Debtors have borrowed approximately $17,755,378 under the DIP Facility to fund the expenses of operating and maintaining the Property and must continue funding significant expenses from the DIP Facility necessary to ensure the

[2] In the Court's April 2026 ruling, the Court held that the lease, if a true lease, was a residential real property lease, and "Section 365(d)(2) of the Bankruptcy Code is applicable to such Purported Ground Lease rather than sections 365(d)(3) and (4) of the Bankruptcy Code." (Dkt. 443 at 2.) Therefore, the Debtors are not required to pay rent in accordance with the terms of the purported lease. Instead, the proper framework for postpetition rent is section 503(b), which permits administrative expenses only for the actual, necessary costs and expenses that preserve the estate. The Ground Lessor must prove the actual value, if any, conferred on the estates by the postpetition use or occupancy; the contract rate is not self-proving.

[3] The Rent Motion and this supplemental memorandum are without prejudice to, and do not waive, any rights or remedies available to the estates with respect to amounts already paid to the Ground Lessor if the Ground Lease is ultimately recharacterized as something other than a true lease, including disgorgement and offset against amounts that may otherwise be payable to the Ground Lessor under a plan.

health, safety, and welfare of the SRO Tenants and to prevent waste to the Property (Dkt. 524 ¶¶ 29, 32), but without receiving a concomitant benefit and while further depleting the limited liquidity available to preserve the estates and pursue a feasible reorganization.

After filing the Rent Motion, the Debtors retained an expert, Greg Eidson, to assist the Debtors in ascertaining the reasonable value for the use and occupancy of the Property. Mr. Eidson drafted an expert report opining that the current annual ground rent, $8,750,000, exceeds any reasonable market rent of the Property, and that the appropriate annual rent of the Property is $2,437,555. Mr. Eidson's expert report is attached hereto as **Exhibit A**. Ground Lessor separately retained an expert, Daniel Mizukovski, who submitted an expert rebuttal report opining that the appropriate ground rent is purportedly greater than even the contractual rent set forth in the Ground Lease. Mr. Mizukovski's redacted expert rebuttal report is attached hereto as **Exhibit B**. Mr. Eidson subsequently submitted an expert rebuttal report, attached hereto as **Exhibit C**.

SUBSEQUENT TESTIMONY BEARING ON THE RENT MOTION'S DISPOSITION

Pursuant to the Court's August 3, 2026 Order (Dkt. 616), the Parties have now taken deposition testimony of Messrs. Eidson and Mizukovski. (*See* **Exhibit D** ("**Eid. Tr.**") and **Exhibit E** ("**Miz. Tr.**") hereto.) Taken as a whole, the expert testimony confirms that the appropriate rate of prospective post-petition monthly rent is substantially below the contract rate, and the Ground Lessor's contract-rate demand would impose an unjustifiable burden on the Debtors' estates.

I. The Reasonable Market Value Rent is $2,437,555 Annually

As Mr. Eidson has testified, ground rent that is too low may fail to provide the landowner with an adequate return, while ground rent that is too high can impair operations and constrain construction loan size due to reduced available cash flow. (*See* Eid. Tr. at 27:5-20.) To avoid both

economically untenable results, the participants in the project's "ecosystem"[4]—the landowner, tenant, and lender—must account for each party's interests while pursuing a rent that the Project can actually support. (*See* Eid. Tr. at 50:23-51:20; 52:13-53:1.) For a ground rent rate to be feasible within such an ecosystem, the rate must not "overly burden the property," by depressing stabilized cash flow to the point that the tenant cannot service debt. (Eid. Tr. at 21:13-22:3; 30:6-21; 32:8-14.)

Accordingly, for the Hudson to "function economically," Mr. Eidson calculated a market ground rent rate that "work[s] in harmony" with the "other parts of the property," taking into account the Project's financing obligations and projected stabilized cash flow upon completion of the Project. (Eid. Tr. at 21:13-22:3; 32:8-14.) That methodology directly accounts for the actual constraints confronting the estates. Considering the Debtors' obligations related to the Project and a reasonable projection of net operating income ("**NOI**") upon completion of the Project, Mr. Eidson undertook a pro-forma cash flow analysis and calculated the reasonable market rent for the Project under its current circumstances and debt structure to be $2,437,555. (*See* Eid. Tr. at 32:1-14.) Applying that rental rate to the post-petition periods of Chapter 11 Cases, Mr. Eidson calculated that the Debtors have already overpaid ground rent by $3,682,260 through the first seven months of the Chapter 11 Cases. (Eidson Report ¶ 36; *see also* Eid. Tr. at 55:20-56:4.)

II. A Reasonable Rent Cannot Be Determined By Ignoring The Economic Realities Of The Underlying Project

The Ground Lessor's expert, Mr. Daniel Mizukovski, calculates rent based on only two considerations: the original $178 million investment by the Ground Lessor, and an investor-

[4] Mr. Eidson adopted this term from Safehold, Inc., a publicly traded institutional ground lease company that Mr. Mizukovski cites in his report. (*See, e.g.,* Eidson Rebuttal Report at 2, 4-5.)

desired yield that he calculates at 6.25 percent. (Miz. Tr. at 41:5-9.) This leads to a rent of $11,125,000, almost 30 percent more than the current contract rate of $8.75 million and almost 75 percent more than the $6.4 million in rent originally provided for under the Ground Lease, an amount that would impose an even more extreme and unsustainable burden on an already liquidity-constrained estate. Mr. Mizukovski ultimately suggests that rent should just remain at the contract rate and does not explain this disparity. Then, he uses an unreasonable 2024 hotel-based projection of annual NOI ($23.3 million) to argue that the Project, upon stabilization, will generate sufficient monies to pay even that amount. (Miz. Tr. at 24:23-25:17, 32:5-13.)

Remarkably, Mr. Mizukovski does not include any consideration of the Debtors' obligations other than the Ground Lease, such as the considerable construction financing that all parties agreed to in the Project Budget attached to the Ground Lease. The original transaction documents for the Project were executed in May 2022 and included, among others, the Ground Lease and the Closing Agreement between Ground Lessor and the Debtors. (*See* Dkts. 396-2, 524-2.) In the Closing Agreement, the Ground Lessor required, as a condition precedent to the transaction, that Debtors obtain $207 million in construction loan financing (the "**Construction Loan**") for the purposes of developing the Project. (Closing Agreement, § 6(b).) Further, in the Ground Lease, the Ground Lessor specifically required the Debtors to complete the construction contemplated by the Construction Loan and included a "Project Budget" that recognized the Ground Lease and the Construction Loan as "sources" of financing for the Project. (Ground Lease § 48(a), Ex. C, Schedule 1.)

Despite the fact that $207 million in construction financing was required by his client, the Ground Lessor, this fact was "neither here nor there" to Mr. Mizukovski. (*See* Miz. Tr. at 25:18-21.) Mr. Mizukovski is only concerned about hypothetical "construction loans in the future to

build a future project" (Miz. Tr. at 26:2-22), and he ignores the sunk costs of construction to date. Accordingly, his simple calculation fails to account for the need to service the current Construction Loan (Miz. Tr. at 26:2-22) or the significant costs needed to finish the Project (Miz. Tr. at 28:22-29:13).

Mr. Mizukovski's calculation is simply based on the return on investment that his client's investors would want to see; it bears no relation to what the market would pay in rent based on the capital structure and state of development of the Property as it actually exists. As such, his analysis is fundamentally divorced from the task at hand and the reality of the Property's current state.

Mr. Mizukovski's calculation is neither reasonable nor reliable. By excluding any consideration of the construction loans that the Ground Lessor required for the Project, and incorporated into the Ground Lease, he is denying the economic realities of the Project before this Court. Further, Mr. Mizukovski revealed that prior to calculating his ground rent rate, he never toured the Project, was unaware of "what the [Project's] business plan is," had not reviewed the Court's April 2026 decision holding that the Ground Lease was a residential lease, and was unaware of the fact that all hotel components in the Hudson have been removed and that no hotel was planned for the Property. (Miz. Tr. at 14:14-15, 31:6-32:21). Mr. Mizukovski then admitted that if the Ground Lessor's own commissioned December 2025 appraisal was right—and the projected NOI for the Project was $15 million based on a multi-apartment conversion and not a hotel—that was a factor he "definitely" needed to consider. (S*ee* Miz. Tr. at 32:22-33:6.)

As for specific facts associated with the Project—such as the stop work orders, construction delays, SRO tenant complaints, and rising interest rates—none of these facts mattered because "these are all lessee issues." (Miz. Tr. at 22:5-23:4.) Financing, according to Mr. Mizukovski, is a lessee consideration (Miz. Tr. at 17:2-11), even though his client required that financing in order

to develop the Project (which, in turn, was expected to create the NOI to fund the rent). Taking this position to its natural end, Mr. Mizukovski testified that if a debt load becomes excessive, resulting in low or negative cashflow, that risk falls solely on the lessee. (Miz. Tr. at 39:3-25.) That position ignores the economic bargain the Ground Lessor required and cannot support a reasonable rent determination.

Mr. Mizukovski's position does not account for how the marketplace, taking the circumstances and cost structure as they exist, would calculate fair rent. And, under section 503(b)(1) of the Bankruptcy Code, that is the calculation that is required here. Mr. Mizukovski's testimony falls far short of rebutting Mr. Eidson's analysis. The Court should find that Mr. Eidson's calculated rent—$2,437,555—is the reasonable fair market rent for the Property during the Chapter 11 Cases.

CONCLUSION

While both experts' testimony will be further developed at the September 9, 2026 evidentiary hearing, the Debtors submit that the balanced, whole "ecosystem" approach by Mr. Eidson is the appropriate methodology for calculating the market rent. Given the Court's prior ruling, the Debtors do not owe contractual rent under section 365(d)(3) and should not be compelled to pay excessive rent. Such an expense without any concomitant benefit to the Property would unnecessarily and improperly burden estate assets and exacerbate current challenges stemming from incomplete development and minimal cash flow. For the reasons stated herein, the Debtors respectfully request an order from this Court determining that the reasonable amount of post-petition rent due to the Ground Lessor be set at an annual rate of $2,437,555.

DATED: Wilmington, Delaware
September 4, 2026

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EXHIBIT A

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IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re: HUDSON 1701/1706, LLC, *et al.* Debtors.	Chapter 11 Case No. 25-11853 (KBO)

Expert Report of Greg Eidson
July 27, 2026

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1.0 Introduction and Summary Conclusion

1.1 Introduction

1. GlassRatner Advisory & Capital Group, LLC ("**GlassRatner**") was retained by Boies Schiller Flexner LLP ("**Counsel**"), on behalf of Debtors Hudson 1701/1706, LLC and Hudson 1702, LLC (together, "**Debtors**") in connection with Debtors' pending chapter 11 bankruptcy cases (collectively, the "**Bankruptcy Cases**") commenced on October 22, 2025 (the "**Petition Date**").

2. On May 4, 2022, the Debtors and 356W58 Ground Lessor LLC (the "**Ground Lessor**") entered into an agreement described as a ground lease ("**Ground Lease**") in connection with the Debtors' redevelopment project for the former Hudson Hotel located at 358-366 West 58th Street, New York, New York (the "**Hudson Project**").[1] The Ground Lease was further amended on March 29, 2024 (the "**Fourth Amendment**") wherein the Ground Lease annual rent payments (the "**Ground Rent**") were substantially increased.

3. I have been asked by Counsel to determine a financeable stabilized Ground Rent for the completed project. Based on the current construction status of the project, the stabilized Ground Rent is a hypothetical condition, as it assumes completion of construction and stabilization of the property cash flow. This condition is necessary to develop the analysis that distinguishes the "market" rent from the rent the Debtors have paid.

4. To perform this engagement, I relied on other GlassRatner professionals with extensive experience in financial analysis, forensic accounting, property valuation, solvency analysis and corporate finance, all of whom worked under my direct supervision and control. I have relied on the work of the GlassRatner team to support my review of information related to this matter, and any references to "our" and "we" recognize this reliance.

5. Any minor differences in the amounts calculated or referenced in supporting documentation or schedules to this report are due to rounding.

[1] I understand that the Debtors dispute that the Ground Lease is a true lease. For purposes of analyzing market rate "rent", I will assume solely for such purposes that the Ground Lease is indeed a ground lease.

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6. The hourly rates charged by GlassRatner for professional services provided in this matter range from $225 to $795. My time is billed at $695 per hour. I do not have a financial interest in this dispute, and our compensation is not dependent on the outcome of this matter.

7. I reserve the right to revise and supplement my analyses, opinions and report to the extent additional relevant information becomes available. I also reserve the right to produce a rebuttal or response report related to any analyses or reports submitted on behalf of the Defendants.

1.2 Summary Opinion

8. Based on the analyses contained herein, my opinions are that:

- **The current Ground Rent is above market rent**. The current Ground Rent is higher than the hypothetical stable cash flow can support as market rent.
    - The Ground Rent required under the Ground Lease prior to entry into the Fourth Amendment was $6,400,000 annually. Pursuant to the Fourth Amendment, the Ground Rent was increased to $8,750,000 annually ($729,166.97 per month).

    - The current rent required by the Fourth Amendment to the Ground Lease is not market rent for the Project, nor is the rent required by the Ground Lease prior to the Fourth Amendment market rent for the Project.
        1. **Current Annual Ground Rent = $8,750,000**
        2. **Market Annual Rent = $2,437,555**

- The property does not have cash flow that covers expenses above an acceptable market debt coverage ratio ("**DCR**")[2,3]. Published sources may use the phrase Debt Service Coverage Ratio ("**DSCR**"). DCR and DSCR are synonymous. I will use DSCR in this report.

[2] Apers, Ground Lease Underwriting: Leasehold vs. Fee Simple Valuation, April 2026, Francis Huang.

[3] Fannie Mae minimum DSCR approximately 1.25. https://multifamily.fanniemae.com/financing-options/conventional-properties/near-stabilization-financing/near-stabilization-execution-term-sheet

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- In practice, lenders serve an important market discipline function in ground lease transactions. Because lenders are independent providers of capital whose repayment depends upon the economic viability of the project, their underwriting standards establish a practical test of whether the lease economics are balanced. A ground rent that is too low may fail to provide the landowner an adequate return, while a ground rent that is too high may reduce project cash flow to a level that prevents the achievement of required debt coverage ratios and other underwriting metrics. The range of rents that support lender-required coverage ratios therefore represents the market zone in which the interests of the fee owner, leasehold owner, and lender are brought into alignment and the project remains economically financeable.

- The Ground Rent required under the original Ground Lease and the Fourth Amendment are both so aggressive as to make the Project financially infeasible with a traditional lender.

- The Ground Rent required under the original Ground Lease and the Fourth Amendment put a financial burden on the Project that it cannot overcome through cash flow appreciation.

9. **Comparison of Contract Rent vs. Calculated Rent**. Table 1 reflects the excess rent (rent above market) charged on an annual basis and for the first seven months of the Debtors' Bankruptcy Cases, which assumes the property is operating at a stabilized rent level. For the months of November through May, my understanding is that the Debtors paid rent at the full Fourth Amendment rate of $8,750,000 annually, or $5,104,167 paid in total. Accordingly, the total above-market rent paid during the first seven months of the bankruptcy case was **$3,682,260**. This amount equates to **18.1 months of excess rent paid post-petition**.

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Table 1

Excess Ground Rent- Postpetition			Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26
Annual Contract Rent[1]	$ 8,750,000	Monthly Rent	$ 729,167	$ 729,167	$ 729,167	$ 729,167	$ 729,167	$ 729,167	$ 729,167
Annual Market Rent[2]	$ 2,437,555	Monthly Rent	$ 203,130	$ 203,130	$ 203,130	$ 203,130	$ 203,130	$ 203,130	$ 203,130
		Monthly Overage Rent Paid	$ 526,037	$ 526,037	$ 526,037	$ 526,037	$ 526,037	$ 526,037	$ 526,037
		Total Overage Rent	$3,682,260						

1. The annual contract rent is based on the Fourth Amendment adjustment to an annual rate of $8,750,000
2. The annual market rent on a hypothetical assumption that the property is operating at a stable occupancy level.

2.0 Professional Qualifications and Background of Greg Eidson

10. This report was prepared by Greg Eidson, a Managing Director in the Atlanta office of GlassRatner. My work address is 3445 Peachtree Road NE, Suite 1225, Atlanta, Georgia.

11. I hold a BS in Finance from Auburn University (1986), an MAI Designation from the Appraisal Institute (1995), a CCIM Designation from the CCIM Institute (1997), and a real estate sales license in Georgia and a real estate associate broker's license in Alabama.

12. I have 40 years of experience in the real property valuation, brokerage, and consulting industry. My education includes a Bachelor of Finance from Auburn University, the MAI Designation from the Appraisal Institute and the CCIM Designation from the CCIM Institute. I have particular appraisal experience in multi-family, student-housing, free standing and multi-tenant retail, extended-stay hotels, limited service and full-service hotels, office buildings, industrial properties, special purpose properties and self-storage facilities, residential subdivisions, conservation easements, mitigation banks, recreational and timber land, right-of-way for public and private utilities and state and local transportation clients. Clients range from individual and regional investors, developers, national and regional lenders, pension fund advisors, insurance companies, government agencies, CPAs, attorneys and Fortune 500 chief financial officers.

13. My valuation opinions have been used in the context of mortgage lending, right-of-way acquisitions, bankruptcy court, buy/sell decisions, purchase price allocation, loan monitoring, forced disposition, portfolio performance monitoring and litigation support. My C.V. is attached hereto as **Appendix 1**, further documenting my experience and expert witness testimony.

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14. I have no previous relationship with any of the parties to this matter and am independent of these parties.

3.0 Scope of Work

15. The opinions and conclusions set out herein are based on my review of documents, information and data produced in this matter, as well as independent research. The documents that I rely upon in this Report are listed in **Appendix 2**. For ease of reference, in footnotes to this Report, I have cited the documents (or other information) on which I have relied.

16. My analysis includes the preparation of various cash flow calculations and conclusions. All of the analyses and methodologies applied herein are fully consistent with generally accepted bodies of knowledge related to real estate valuation.

17. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.

4.0 Background[4]

18. On or around February 3, 2022, CSC Hudson LLC ("**CSC**") entered into a purchase and sale agreement to purchase certain condominium units in the Hudson Project, specifically:

    a) Unit 1701: 203,585 square feet of the Hudson Project, including the mezzanine and floors 2 through 9 and 25 ("**Unit 1701**");
    b) Unit 1702: 216,937 square feet of the Hudson Project, including floors 11 through 22 and portions of floors 23, 24 and 26 ("**Unit 1702**"); and
    c) Unit 1706: 17,981 square feet of the Hudson Project consisting of the 10th floor ("**Unit 1706**"). The purchase and sale agreement included a lease agreement for Unit 1706, with an option to purchase.

[4] The events discussed in this section are not intended to represent an exhaustive history of all relevant facts and events surrounding this dispute. We provide this information to aid in the understanding of this Report, and we may cite to the operative pleadings in this case for that purpose. In doing so, we do not express any legal opinion on the allegations or the facts alleged in these pleadings.

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19. CSC subsequently assigned the purchase and sale agreement for the Hudson Project to the Ground Lessor. On May 4, 2022, the Ground Lessor acquired Unit 1701 and Unit 1702, along with a purchase option for Unit 1706. On or around January 3, 2023, the Ground Lessor acquired Unit 1706.

Ground Lease

20. On the same date, May 4, 2022, the Debtors entered into the Ground Lease with the Ground Lessor. The Ground Lease, upon issuance, had the following terms:

    a) Ground Rent was $6,000,000 annually (payable in $500,000 monthly installments). The annual Ground Rent was subsequently increased to $6,400,000 when the Ground Lessor purchased Unit 1706 in January 2023;
    b) Ground Rent increased 10% in years six and eleven and then at least 2% annually for the next 88 years.[5]

21. As part of the redevelopment plan for the Hudson Project, on or around May 4, 2022, Plaintiffs received an aggregate $207 million in development and construction financing ("**Parkview Loan**") from Parkview Financial REIT LP ("**Parkview**"). The Loan matured on November 1, 2024 (the "**Parkview Maturity Date**").

    a) The Parkview Loan amount is used in this analysis to calculate the annual debt service. The annual debt service is based on market terms as of 2024.[6] Additionally, the pro forma presented by the appraisal firm BBG[7] is used to develop the estimate of stabilized income and expenses of the completed development. These two documents (Parkview Loan and BBG appraisal) are instrumental in the calculation of the market ground rent. The ground rent is an expense that, when coupled with all operating expenses of the Project and deducted from the effective gross income, equals the operating cash flow (net operating income) that is available for debt service. As will be presented herein, lenders prefer a minimum DSCR of 1.25. The calculation of the DSCR is $DSCR = Operating\ Cash\ Flow / Debt\ Service$. This means the lender wants as a minimum a cash flow that is 25% greater than the debt service.

[5] Ground Lease dated May 4, 2022.

[6] 2024 Mortgage Survey Report, April 18, 2024, by New York City Rent Guidelines Board

[7] BBG Appraisal Report, March 25, 2022.

22. On **March 29, 2024**, the Debtors and Ground Lessor entered into the Fourth Amendment to the Ground Lease. **Ground Rent increased to $8,750,000 annually** ($729,166.97 per month). The Fourth Amendment also allowed for more frequent adjustments to the Ground Rent to account for inflation and ensured that increases were no less than 2% per year, regardless of inflation.[8]

5.0 The Financeable Ground Lease

23. In practice, lenders serve an important market discipline function in ground lease transactions. Because lenders are independent providers of capital whose repayment depends upon the economic viability of the project, their underwriting standards establish a practical test of whether the lease economics are balanced. A ground rent that is too low may fail to provide the landowner an adequate return, while a ground rent that is too high may reduce project cash flow to a level that prevents the achievement of required debt coverage ratios and other underwriting metrics. The range of rents that support lender-required coverage ratios therefore represents the market zone in which the interests of the fee owner, leasehold owner, and lender are brought into alignment, and the project remains economically financeable.

24. A ground lease does not become financeable merely because it grants a tenant the right to occupy and develop land; rather, it must allocate rights and risks in a manner that provides lenders with a predictable, secure, and enforceable collateral interest in the leasehold estate. From the perspective of institutional lenders and investors, the lease must be structured so that the value of the improvements and the leasehold interest are protected against forfeiture, unexpected termination, and other events that could impair repayment of the debt secured by the project. Consequently, the financeability of a ground lease is determined by a combination of provisions relating to lease term, renewal rights, lender protections, cure rights, transferability, condemnation and casualty proceeds, estoppel requirements, and other protections that preserve the continuity and value of the leasehold estate throughout the financing term. The following discussion examines the principal lease provisions that are generally considered necessary to support mortgage financing of a leasehold development project. My goal in this report is to explain what the

[8] Fourth Amendment to Ground Lease dated March 29, 2024.

Ground Rent should be in order for the project to be financed and feasible for all parties involved.

25. In my opinion, the financeability of a ground lease depends upon whether the lease creates a commercially reasonable balance among the interests of the fee owner, the leasehold owner, and the leasehold mortgage lender. Each party has legitimate but different objectives: the ground owner seeks protection of its land and rental stream, the leasehold owner seeks the ability to develop, operate, and realize the economic value of the improvements, and the lender seeks a secure and enforceable collateral interest that will support repayment of its loan. A ground lease that disproportionately favors one party often undermines the willingness of one of the other parties to participate in the transaction. Consequently, market-standard financeable ground leases generally contain provisions that allocate risks and rights in a manner that preserves the economic expectations of all three stakeholders while providing sufficient certainty and security to support long-term investment and mortgage financing.

26. The common measures used by the market are:

a) **DSCR**. The DSCR is calculated as the quotient resulting from dividing net operating income (after the Ground Lease payment) ("**NOI**") by the debt service on traditional mortgage financing. Fannie Mae uses different ratios for different Tier levels (a Tier is a risk-based category).[9] The baseline DSCR is 1.25.

i) **Tier 1**: Used for specific lower-risk or specialized affordable housing executions with tailored credit criteria.

ii) **Tier 2**: Moderate-high risk. It allows higher loan-to-value ("**LTV**") ratios (up to 80% for purchases) and a lower DSCR (around 1.25x)[10].

iii) **Tier 3**: Moderate-low risk. It features stricter LTV limits (around 56%–65%) and a moderate DSCR (around 1.35x).

[9] Described in Commercial Loan Direct. https://commercialloandirect.com/fannie-mae-multifamily-mortgages

[10] The LTV ratio on the Parkview Loan was 72.5%.

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iv) **Tier 4**: Lowest risk level. It requires a high DSCR (often 1.55x or higher) and a low LTV (55% or less).

b) Multi-Family Market Debt

i) For 2024 New York City multifamily properties, the NYC Rent Guidelines Board's Mortgage Survey reported that the average interest rate for new multifamily mortgages was 7.00 [11]

ii) Average LTV ratio of 71.8%[12]

iii) The following is the calculation of the annual debt obligation for the Subject. The importance of this calculation is explained in paragraph 21(a).

Table 2

Annual Mortgage Debt Payment Calculations[1]			
	Debt		
	Based on Const. Loan	$	207,000,000
		$	-
		$	-
		$	207,000,000
Debt	**71.80%**	$	148,626,000
Equity	28.20%	$	58,374,000
Mortgage Rate	**7.00%**		
Amortization (yrs)	30		
	Annual Payment		**$11,977,235**

1. 2024 Mortgage Survey Report, April 18, 2024
by the New York Rent Guidelines Board
Note: The period of this loan assumes completion of the project in 2024 and permanent financing from 2024 forward.

[11] 2024 Mortgage Survey Report, April 18, 2024, by New York City Rent Guidelines Board

[12] 2024 Mortgage Survey Report, April 18, 2024, by New York City Rent Guidelines Board

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5.1 Analysis of Ground Lease and Fourth Amendment

27. Under the May 2022 Ground Lease, upon acquiring all three condominium units, the Ground Rent calculation included (1) $6,400,000 annual Ground Rent starting in year 1; (2) 10% increase of Ground Rent in years 6 and 11; (3) 2% annual increase in years 12 to 99; and (4) CPI adjustments every ten years beginning in year 21.[13]

28. On March 29, 2024, the Debtors and Ground Lessor agreed to the **Fourth Amendment** and a change in the Ground Rent calculation, including (1) an increase to $8,750,000 of annual base rent beginning in 12-months after the Fourth Amendment Date (April 2025); (2) a 10% increase in base rent in each of years 6 and 11; (3) a 2% annual increase in each of years 12 to 99; and (4) CPI adjustments every five years beginning in year 11.[14]

6.0 Basis for the Valuation Cash Flow

29. I use a pro-forma cash flow analysis of market rent for the Hudson Project for two related purposes. First, it provides a forward-looking measure of the property's anticipated income and expenses once the redevelopment is completed and stabilized. Second, it allows me to test the level of ground rent that the project can support while still satisfying the underwriting standards lenders typically apply to similar projects, including the DSCR. This analysis is necessary because ground rent is a fixed obligation that reduces the cash flow available for debt service; therefore, the pro-forma cash flow provides the basis for determining whether the ground lease payments are financeable and economically sustainable.

30. The starting point for this cash flow analysis is the BBG Real Estate Services appraisal dated March 25, 2022, which provides the contemporaneous valuation framework for the Hudson Project as of the project's inception. I relied specifically on the Income Approach section of that appraisal, beginning on page 65, and used the pro forma presented on page 78 (the "**BBG Pro Forma**") as the base for my projected cash flow.

31. As a starting point, I have used the BBG Pro Forma to project a cash flow. The BBG Pro Forma did not expand into a multi-year cash flow. I have used it as the base, or starting

[13] Ground Lease dated May 4, 2022, Exhibit H.

[14] Fourth Amendment to Ground Lease dated March 29, 2024, Exhibit B.

point, and have increased the income and expense projections at the same rate of growth throughout my projection.

7.0 The Feasibility of the Ground Lease

32. For the ground rent to be at a feasible level (dollar amount) it must be financeable within the context of the improvements developed on it. For a hotel-to-multifamily conversion in Manhattan, the structure and magnitude of the ground lease payment are critical to the project's financeability. Ground rent must be set at a level—or tied to a percentage of stabilized cash flow—that preserves sufficient debt service coverage, operating flexibility, and investor returns throughout the life of the loan. Because lenders underwrite the ground rent as a fixed obligation that ranks ahead of equity distributions, an excessive ground lease burden can materially reduce net operating income available for debt service, constrain loan proceeds, and increase refinancing risk. Establishing ground rent that remains reasonable relative to projected cash flow helps ensure the project maintains lender-required coverage ratios, supports long-term asset value, and enhances the likelihood of attracting both construction and permanent financing. In practice, aligning the ground rent with a sustainable share of stabilized cash flow creates a capital structure that is durable through market cycles and provides lenders with confidence that the converted multifamily asset can consistently meet all of its financial obligations

7.1 Ground Rent Effects on Loan Terms

33. For a hotel-to-multifamily conversion in Manhattan, lenders will closely analyze the relationship between stabilized net operating income and the ground lease payment. If the ground rent consumes too large a share of project cash flow, lenders may conclude that the asset's ability to withstand vacancies, operating cost increases, or market downturns is impaired. Conversely, a ground lease structured at a sustainable dollar amount or as a modest percentage of cash flow can support stronger debt service coverage ratios, higher proceeds, more favorable pricing, and greater refinancing flexibility. As a result, maintaining ground rent at a level that leaves ample cash flow for debt service is often a key factor in achieving attractive financing terms and maximizing project value.

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34. In the market, ground rent is structured at a level that allows the project to maintain a healthy DSCR, typically in the range of 1.25x to 1.55x[15] or greater on a stabilized basis.

35. Based on the analyses contained herein, my opinions are that:

- **The current Ground Rent is above market rent**. The current Ground Rent is higher than the hypothetical stable cash flow can support as market rent.
    - The property does not have a cash flow that covers expenses above an acceptable market DSCR[16].[17]
- The Ground Lease terms are so aggressive as to make the project financially infeasible with a traditional lender.
- The Ground Lease puts a financial burden on the property that it cannot overcome through cash flow appreciation.

36. Table 3 reflects the excess rent (rent above market) charge, as if the property were operating at a stable level. Based on the foregoing, from November 2025 through May 2026 (the first seven months of the Debtors' bankruptcy case), the Debtors paid **$3,682,260** in excess of market rent. **This excess rent is equivalent to the payment of rent for an additional 18.1 months at market rent ($3,682,260/$203,130)**.

Table 3

Excess Ground Rent- Postpetition			Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26
Annual Contract Rent[1]	$ 8,750,000	Monthly Rent	$ 729,167	$ 729,167	$ 729,167	$ 729,167	$ 729,167	$ 729,167	$ 729,167
Annual Market Rent[2]	$ 2,437,555	Monthly Rent	$ 203,130	$ 203,130	$ 203,130	$ 203,130	$ 203,130	$ 203,130	$ 203,130
		Monthly Overage Rent Paid	$ 526,037	$ 526,037	$ 526,037	$ 526,037	$ 526,037	$ 526,037	$ 526,037
		Total Overage Rent	$3,682,260						

1. The annual contract rent is based on the Fourth Amendment adjustment to an annual rate of $8,750,000
2. The annual market rent on a hypothetical assumption that the property is operating at a stable occupancy level.

[15] Fannie Mae Underwriting Guidelines

[16] Apers, Ground Lease Underwriting: Leasehold vs. Fee Simple Valuation, April 2026, Francis Huang.

[17] Fannie Mae minimum DSCR approximately 1.25. https://multifamily.fanniemae.com/financing-options/conventional-properties/near-stabilization-financing/near-stabilization-execution-term-sheet

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8.0 Summary Opinions

37. Based on the analyses contained herein, my opinions are that:

- The Ground Rent required under the Ground Lease prior to entry into the Fourth Amendment was $6,400,000 annually. Pursuant to the Fourth Amendment, the Ground Rent was increased to $8,750,000 annually ($729,166.97 per month).

- The current rent required by the Fourth Amendment to the Ground Lease is not market rent for the Project, nor is the rent required by the Ground Lease prior to the Fourth Amendment market rent for the Project.
  1. Current Ground Rent = $8,750,000
  2. Market Rent = $2,437,555

38. Accordingly, from November 2025 through May 2026 (the first seven months of the Debtors' bankruptcy case), the Debtors paid **$3,682,260** in excess of market rent.

Respectfully submitted,



Greg Eidson, MAI, CCIM
Managing Director
GlassRatner Advisory & Capital Group, LLC

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Appendix 1
Greg Eidson CV

GREG EIDSON MAI,CCIM

geidson@glassratner.com
(470) 346-6825

In the late 1990s prior to the formation of his own firm, Greg worked for The Highland Group Hotel Investment Advisors. This boutique style consulting firm is a specialist in the market analysis of hospitality properties. Greg prepared valuation reports for full-service, limited-service and extended-stay properties. These reports were used for the purpose of development decisions, purchase decisions, feasibility and financing. Geographically, these hotel projects were typically located in the Midwest, East Coast and the Southern states. My tenure with The Highland Group was an excellent education in the analysis of hotel feasibility. The most valuable takeaway from this experience was gaining a greater depth of understanding in the development of demand studies.

In the late 1980s to the 1990s, Greg worked in the Real Estate Advisory Group of American Appraisal Associates. Greg started with American Appraisal Associates as a junior level appraiser and was the Manager of the Atlanta office of the Real Estate Advisory Group when in departed the company in the mid-1990s. During his tenure with the company Greg prepared and managed appraisal assignments for pension funds, insurance companies, portfolio managers, lenders, attorneys and Fortune 500 companies. These valuation assignments were used for purchase price allocation, investment portfolio analysis, mortgage loans, property tax appeals, and cost segregation studies. Greg was recognized by the company for his ability to address client needs in a timely and professional manner. The experience with American Appraisal was invaluable to my education in managing people and projects and learning to balance the expectations of our clients with the human and technological resources. Geographically, Greg travelled throughout the United States and Caribbean and personally handled residential subdivision developments in Southern California; mixed-use high rise buildings in downtown San Francisco; high rise office buildings in Dallas, Denver, Chicago, and Boston; regional malls in Texas; movie theaters in New York; shipping facilities in Houston; industrial manufacturing and distribution buildings in states from California to Connecticut to Georgia; multi-family apartment developments in North Carolina to Florida and hotels in California and the Caribbean.

Greg has completed two of the Appraisal Institute's Professional Development Programs and appears in the Institute's Registry for:

- Litigation Appraising: Specialized Topics and Applications
- Valuation of Conservation Easements

Greg maintains a General Certified Real Property Appraisal License in Alabama, Georgia and Florida. He can obtain temporary licensing permits in other states on a case by case basis. Greg is also a Realtor with a broker's license in Alabama and a salesperson's license in Georgia.

Greg's formal education consists of a Bachelor of Science in Finance from Auburn University, the MAI Designation from the Appraisal Institute and the CCIM (Certified Commercial Investment Member) Designation from the CCIM Institute. The MAI Designation is an appraisal designation presented to those that complete the required experience, extensive coursework in specific valuation related material and pass a comprehensive exam. The CCIM Designation is awarded to those who through coursework, experience and a comprehensive exam are recognized expert in the commercial and investment real estate industry. The designation process ensures that CCIMs are proficient not only in theory, but also in practice.

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GREG EIDSON

MANAGING DIRECTOR

MAI, CCIM
geidson@glassratner.com
(470) 346-6825



Prominent Matters

- Damages/Expert Witness to Valuation - Dolly Ridge Point Owners Association, Inc., et al v. Turner & Schoel, LLC, et al.
- Valuation/Expert Witness - Joon, LLC. D/B/A Ajin USA v. Albert Kahn Associates, Inc./ International Industrial Contracting Corp./Qualico Steel Company, Inc.
- OSI, Inc. v United States, et al. Case No. 98-00920-CV-2-MEF-WC.
- Stallings & Sons, Inc. v Tulane Revitalization 1, LP, et al. Case No. 2:19-CV-392-WKW.
- Charlotte Student Housing, DST, et al v Choate Construction Company. Mediation.
- Fredmark, LLC. V. Zax, LLC. Civil Action No. 1:20-cv-1848-TCB.
- Valuation/Expert Witness - State of Alabama v. Harry Joseph Painter et al.

Specialties:

Borrower & Lender Advisory
Cash Flow Projections
Construction Litigation
Due Diligence
Expert Witness
Feasibility Studies
Litigation Support
Market Analysis
Purchase Price Allocation
Real Estate Appraisal
Real Estate Brokerage
Valuation

Industries:

Real Estate

Mr. Eidson is a veteran of the valuation industry with more than 30 years of experience in the real property valuation, brokerage, and consulting industry. Mr. Eidson has particular appraisal experience with industrial real estate that includes heavy and light manufacturing, warehousing, distribution, and special purpose such as meat processing plants, timber processing, automotive and steel manufacturing. More general appraisal experience includes free standing and multi-tenant retail, extended-stay hotels, limited service and full service hotels, office buildings, industrial properties, special purpose properties, multi-family and self-storage facilities, residential subdivisions, conservation easements, mitigation banks, recreational and timber land, right-of-way for public and private utilities and state and local transportation clients.

Greg's valuation opinions have been used in the context of mortgage lending, right-of-way acquisition, bankruptcy court, buy/sell decisions, purchase price allocation, loan monitoring, forced disposition, portfolio performance monitoring and litigation support.
Prior to merging his firm into GlassRatner in late 2018, Greg ran The Eidson Company and focused his practice on conservation easements, mitigation banks, mortgage loans, right of way, and litigation support. During the 18 years that Greg ran his own firm some of his assignments included;

- Residual insurance valuation for a British insurance company who insured the difference between market and contract rents on properties such as Walgreens and CVS Pharmacy occupied properties.
- Right of way valuation for the Alabama Department of Transportation, Georgia Department of Transportation, municipal utilities, the National Park Service, and the Sabal Trail Pipeline.
- Litigation support weighted toward deposition and testimony with the Department of Transportation and also includes support for lawsuits that involved property damaged by flooding (land, residential and multifamily projects), contamination (medical waste, dry cleaning solvents), and construction defects (residential construction, office building damage, hotel water leaks, multi-family construction, industrial manufacturing construction). Greg has testified to property taxation issues and conservation easements in Federal Tax Court.
- Preparation of appraisals for bankruptcy and foreclosure proceedings, and,
- Preparation of appraisals for Mortgage loans encompasses subdivision developments, hotels, mixed use developments, retail, industrial, office, special purpose, and timber land.

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Testimony Experience

NANCY B. PARKER & ELLIS J. PARKER, Plaintiff,
vs.
U.S. TRUST COMPANY, N.A. & BANK OF AMERICA, N.A. Defendant
Plaintiff Firm – HENRICHSEN LAW GROUP, PLLC
Defendant Firm - McGuireWoods LLP.
Deposition: January 15, 2026
Comments: Opinions of 3rd Party Appraisal in metro Washington, D.C.

Peachtree Associates, LLLP and GPH Aspire, LLC, v. MCG Charleston Apartments, LLC, ...
Plaintiff Firm – MORRIS MANNING & MARTIN, LLP
Defendant Firm - URICCHIO, HOWE, KRELL, JACOBSON, TOPOREK, & KEITH, P.A.
Deposition: August 7, 2025
Comments: Dispute over undisclosed assets in purchase of muti-family property

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Lora Drycksback v McBride's RV Storage LLC, McBride's RV and Boat Storage LLC, Andrew McBride, Benjamin McBride, Charles McBridge and Does
Defendant Firm: Freeman, Freeman & Smiley, LLP
Plaintiff Firm – McCune Law Group
Deposition: October 19, 2023
Comments: Review of 3rd Party Appraisal

Waler F. Scott III (Agent for Taxpayer) v Alabama Department of Revenue
Defendant Firm: Adams and Reese, LLP
Plaintiff Firm – Galloway Scott & Hancock, LLC
Deposition: August 30, 2023
Comments: Property Tax Matter in Mobile County, AL

Lake Jordan Holdings, LLC v Commissioner of Internal Revenue
Defendant Firm: Chamberlain, Hrdlicka, White, Williams & Aughtry
Plaintiff Firm – U.S. Justice Department
Trial: July 24, 2023
Comments: Valuation of Easement Donation

Seabrook Property, LLC v Commissioner of Internal Revenue
Defendant Firm: Dentons-Sirote
Plaintiff Firm – U.S. Justice Department
Trial: June 26, 2023
Comments: Valuation of Easement Donation

Outokumpu Stainless USA, LLC v Mobile County Board of Equalization ET
Defendant Firm: Adams & Reese Law, LLC
Plaintiff Firm – Burr & Forman, LLP
Trial: February 22, 2023
Comments: Property tax matter.

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Lekker, LLC v Capital City Real Estate, LLC, Capital City Construction, LLC and Airline Street, LLC
Defendant Firm: Swift, Currie, McGhee & Hiers, LLP and Knight Palmer Law
Plaintiff Firm – Wolfe Law, LLC
Deposition: March 15, 2023
Deposed by Monica L. Wingler w/Swift, Currie, McGhee & Hiers, LLP
Comments: The matter involved alleged damage caused by construction on adjoining property.

Victory Entertainment: Ehrenberg vs. Hala enterprises, LLC and Agassi Halajyan
Defendant Firm: Law Offices of Leland Wahl, Oberg Law Group
Plaintiff Firm – Law Offices of Paul A Beck
Deposition: November 14, 2022
Deposed by Leland Wahl, of Law Office of Leland Wahl
Comments: The matter involved market rent of a retail building in North Hollywood, CA

Charlotte Student Housing, DST, et al, v Choate Construction Company.
Defendant Firm: Kilpatrick Townsend & Stockton, LLP
Plaintiff Firm - Katten Muchin Roseman, LLP
Deposition: January 13, 2021
Deposed by Yonaton M. Rosenzweig with Katten Muchin Roseman, LLP
Comments: This matter was decided in arbitration. The defendant was successful. The matter involved alleged fraud and construction defects.

Fredmark, LLC v. Zax, LLC (Civil Action File No. 1:20-cv-1848-TCB).
Defendant Firm: Fortson, Bentley and Griffin, P.A.
Plaintiff Firm – Balch & Bingham, LLP
Expert Report: September 2020
Comments: Prepared an expert report testifying to damages incurred by Fredmark, LLC as a result of Zax, LLC vacating a fast-food property and refusing to pay rent and expenses. The Plaintiff was successful, they were awarded lost rent and expenses.

Chapter 11 Bankruptcy of West Pace, LLC
United States Bankruptcy Court Middle District of Alabama
John D. Elrod, Attorney for U.S. Bank, Bankruptcy Administrator U.S. Bank, N.A.
Greenberg Traurig, LLP, Atlanta, GA
Comments: Appraisal of real property and rebuttal of debtor appraisal.
Upon review of the testimony and evidence presented at trial, the Court concludes that the testimony and appraisal provided by Mr. Eidson offer the most thorough and accurate assessment as to the value of the Property.

Anthony A. Cecchini and Betty Cecchini v Boran Craig Barber Engel Construction Co., Inc. et al
Civil Action No. CV-14-901295
Defendant Firm: Kilpatrick Townsend & Stockton, LLP
Plaintiff Firm: Capell & Howard, LP
Deposition: March 2016
Comments: The matter involved alleged construction defects. Settled favorable to Plaintiff.

Callaway et al v. Garner et al.
Plaintiff Firm – Ken Hodges Law
Defendant Firm- Mateer & Harbert, P.C./ Chad K. Alvaro
Deposition: None
Circuit Court of Harris County, Georgia.
February 2017.
Comments: Property valuation

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Billy Dozier v. APAC MID-SOUTH, INC. and OLDCASTLE MATERIALS SOUTHEAST, INC.
Plaintiff Firm - Fuller & Copeland, Montgomery, AL/ James Doyle Fuller
Deposition: December 15, 2014
Deposed by Blake L. Oliver of Adams, White, Oliver, Short & Forbus, LLP, Opelika, AL
Circuit Court of Lee County, Alabama. Jury found in favor of Mr. Dozier
Comments: Mr. Fuller represents the plaintiff, Mr. Dozier. Mr. Dozier's property was flooded by water coming from a mining operation.

Dolly Ridge Point Owners Association, Inc., et al v. Turner & Schoel, LLC, et al.
CV-2008-902750
Plaintiff Firm – Arthur Edge, III
Defendant Firm - Simpson, McMahan, Glick & Burford, PLLC/Smith, Spires & Peddy, P.C./Wallace, Jordan, Ratliff & Brandt, LLC/Wilson Berryhill, P.C.
Deposition: May 2014
Deposed by Arthur Edge, III
Case Settled
Comments: Ann McMahan with Simpson, McMahan, Glick & Burford was my primary contact. This case involved 80 homes in Birmingham, AL that allegedly suffered from construction defects due to poor soil compaction.

JOON, LLC. D/B/A AJIN USA v. ALBERT KAHN ASSOCIATES, INC./INTERNATIONAL INDUSTRIAL CONTRACTING CORP./QUALICO STEEL COMPANY, INC.
CV-2009-90019, Circuit Court Chambers County, Alabama
Construction Defects
Plaintiff Firm – J. Lister Hubbard, Capell & Howard, P.C.
Defendant Firm –Jefferson C. Orr, Smith Cashion & Orr, P.C./Robert W. Heath, Porterfield Harper Mills Motlow & Ireland/John A. Ruemenapp, Weisman Young & Reumenapp, P.C./William L. Smith, Law Offices of William L. Smith/Robert B. Stewart, Smith Spires & Peddy/Daniel F. Johnson, Lewis Brackin Flowers & Johnson/R. Mac Freeman Jr., Rushton Stakely/Jack P. Russell, Spain & Gillon, LLC/Howard K. Glick/ Simpson McMahan Glick & Burford/Heather M. Houston, Carr Allison
Deposition: August 2014
Trial: 2016
Comments: Prepared appraisal report outlining the construction defects on a 1st tier automotive supplier building.

George Earl Russell, et al vs. Russel Oil Company & Thomas E. Russell et al.
Civil Action No. CV-2003-3227
Defendant Firm: NA
Plaintiff Firm – Holtsford Gilliland Higgins & Hitson

Comments: The matter involved the value of Russell Oil Co. assets.

Charles Atkins, et al, v Breckenridge Homeowners Association, Inc./Goodwyn, Mills & Cawood, et al.
Civil Action No. 2009-901479; Circuit Court, Montgomery
Plaintiff Firm - F. Inge Johnstone/ Webster, Henry, Lyons, White, Bradwell & Black, P.C./ Kirby Johnson, P.C
Defendant Firm – Capell & Howard, P.C./Ball, Ball, Matthews & Novak, P.A./Jason C. Paulk/Wallace Mills/Scott, Sullivan, Streetman & Fox, P.C./Lloyd, Gray & Whitehead
Deposed: Yes
Settled out of court
Comments: Prepared appraisal report regarding change in property value from the time of the alleged damage until the day of court. Primary contact was with Lister Hubbard and Brooke Lawson with Capell & Howard. Prepared a review of the opposition's expert report.

Dixie Sailing Club v Russell Lands
Ground Lease Cancellation
Plaintiff Firm – Robert Drummond, Jr.
Deposed: No
Testified in Circuit Court of Elmore County

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Appendix 2
Documents Considered

#	Description
Pleadings & Related Court Filings	
1.	Complaint (and related Exhibits) dated December 22, 2025
2.	Declaration of Matthew B. McGuire is support of 356W58 Ground Lessor LLC's Motion to Dismiss the Complaint (and related Exhibits) dated February 4, 2026
3.	Declaration of Glenn Brill dated March 31, 2026
4.	Declaration of Abe Kohn dated March 31, 2026
Agreements & Other Hudson Documents	
5.	Purchase and Sale Agreement dated February 3, 2022
6.	Closing Agreement dated May 3, 2022
7.	Settlement Statement dated May 4, 2022
8.	Ground Lease dated May 4, 2022
9.	Project Loan Agreement dated May 4, 2022
10.	Leasehold Financing Agreement dated May 4, 2022
11.	Fourth Amendment to Ground Lease dated March 29, 2024
Financial Statements, Appraisals and Other Related Information	
12.	Schedule of Ground Rent payments (Hudson MSP Payments.xlsx)
13.	Hudson Appraisal dated March 25, 2022 (2022-03-25 Appraisal (Parkview, BBG).pdf)
14.	Hudson Appraisal dated May 2, 2022 (Hudson Hotel Conversion - 5-2-22.pdf)
15.	Hudson Appraisal dated May 23, 2024 (2024-05-23 Appraisal (Parkview, BBG).pdf)
16.	Hudson Appraisal dated March 22, 2025 (2025-03-22 Appraisal (Parkview, Colliers).pdf)
Research	
17.	Wall Street Journal, *Rates are Up. We're Just Starting to Feel the Heat* , September 1, 2023
18.	Wall Street Journal, *Real-Estate Doom Loop Threatens America's Banks* , September 6, 2023
19.	2025 Mortgage Survey Report, New York Rent Guideliens Board, April 17, 2025
20.	2024 Mortgage Survey Report, New York Rent Guideliens Board, April 18, 2024
21.	2023 Mortgage Survey Report, New York Rent Guideliens Board, April 20, 2023
22.	2022 Mortgage Survey Report, New York Rent Guideliens Board, April 14, 2022
23.	Ground Leases and Leasehold Interests in CMBS, Morningstar, February 10, 2021
24.	Ground Lease Underwriting: How Leasehold FinancingComplicates Your Cap Rate, LTV, and Exit Assumptions, RealValue, May 29, 2026
25.	Ground Lease Underwriting: Leasehold vs FeeSimple Valuation, Apers, April 2026
26.	The Most Important Issue in Every Ground Lease, NYSBA N.Y. Real Poreprty Law Journal, Winter 2014, Vol. 42, No.1, Joshua Stein
27.	Ground Leases and Value-Based Rent Resets: An Alternate Reality, Mary E. Flynn & Bret Dockwell, November 12, 2013 edition of the New York Law Journal
28.	The Problem of Ground Leases, The Appraisal Journal • Issue 4 | 2023, by Jerome D. Whalen, JD,
29.	Trepp Ground Lease Report, August 2022
30.	Trepp - Ground Lease 101-7 Things Every Commercial Real Estate Professional Should Know

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Appendix 3
Calculation of Fair Market Rent

Partial Cash Flow to Stabilized Year							**Renovation Period**								**STABLE YEAR**	
Based on BBG Appraisal 2022							0%		0%		0%		0%		0%	
							1		2		3		4		5	
							5/4/2023		5/3/2024		5/3/2025		5/3/2026		5/3/2027	
	Ground Rent						$ 6,400,000		$ 6,400,000		$ 8,750,000		$ 8,750,000		$ 8,750,000	
	Stable	$	25,536,000													
100%	39.00 Units	SRO			$210,600		$210,600		$210,600		$210,600		$210,600		$210,600	
50%	399.00 Units	Contract Rent			$25,325,400						$12,662,700.0		$12,915,954		**$27,961,288**	
	438.00 Units	Ancillary			$970,000						$989,400		$1,009,188		$1,029,372	
2%	Annual Growth				$26,506,000		$210,600		$210,600		$13,862,700		$14,135,742		$29,201,260	
		5% Vacancy					$10,530		$10,530		$693,135		$706,787		$1,460,063	
			EGI				$200,070		$200,070		$13,169,565		$13,428,955		**$27,741,197**	
	Assumptions															
		Real Estate Taxes	$	14,289.10	$ 6,258,625		$ 6,383,798		$ 6,511,473		$ 6,641,703		$ 6,774,537			
		Insurance	$	57.15	$ 25,031		$ 25,532		$ 26,042		$ 26,563		$ 27,094			
		Utilities	$	923.24	$ 404,380		$ 412,468		$ 420,717		$ 429,131		$ 437,714			
		Repair & Maintenance	$	1,320.89	$ 578,550		$ 590,121		$ 601,923		$ 613,962		$ 626,241			
		Management	$	2,320.99	$ 1,016,592		$ 1,036,924		$ 1,057,662		$ 1,078,816		$ 1,100,392			
		Payroll	$	1,965.75	$ 860,997		$ 878,217		$ 895,781		$ 913,697		$ 931,971			
		G&A	$	615.72	$ 269,687		$ 275,081		$ 280,582		$ 286,194		$ 291,918			
		Replacement Reserves	$	300.00	$ 131,400		$ 134,028		$ 136,709		$ 139,443		$ 142,232			
		Market Ground Rent			$ -		$ -		$ -		$ -		**$ 2,437,555**			
					$ 9,545,262		$ 9,736,167		$ 9,930,891		$ 10,129,508		$ 12,769,653			
			NOI		$ (9,345,192)		$ (9,536,097)		$ 3,238,674		$ 3,299,447		$ 14,971,544			
		Loan payment	Debt Service		$ 11,977,235		$ 11,977,235		$ 11,977,235		$ 11,977,235		$ 11,977,235			
			After Debt Cash Flor		$ (21,322,427)		$ (21,513,332)		$ (8,738,560)		$ (8,677,788)		$ 2,994,309			
			DCR		-0.780246205		-0.796185212		1.25		1.25		**1.25**			
			IS DCR Positive		NO		NO		YES		YES		YES			

0.270	0.275		1.25
	Stable Year		**5**
	Contract Rent	$	8,750,000
	Calculated Rent	$	2,437,555
	Variance	$	6,312,445

Case 25-11853-KBO Doc 661-1 Filed 09/04/26 Page 23 of 23

EXHIBIT B

UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re: HUDSON 1701/1706, LLC, et al., *Debtors.*	Chapter 11 Case Nos. 25-11853 (KBO) (Jointly Administered)
HUDSON 1701/1706, LLC, a Delaware limited liability company; and HUDSON 1702, LLC, a Delaware limited liability company, *Plaintiffs,* -against- 356W58 GROUND LESSOR LLC, a Delaware limited liability company, *Defendant.*	Adv. Proc. No. 25-52471-KBO

EXPERT REBUTTAL REPORT OF DANIEL MIZUKOVSKI

AUGUST 14, 2026

CONTENTS

I. INTRODUCTION

II. SUMMARY OF REBUTTAL AND AFFIRMATIVE OPINION POINTS

III. BACKGROUND, QUALIFICATIONS & COMPENSATION

IV. REBUTTAL POINTS

V. AFFIRMATIVE OPINION POINTS

VI. CONCLUSION

EXHIBIT A – DANIEL MIZUKOVSKI CURRICULUM VITAE

EXHIBIT B – MATERIALS REVIEWED

I. INTRODUCTION

1. I have reviewed the Expert Report of Greg Eidson dated July 27, 2026 (the "Eidson Report"), submitted on behalf of Hudson 1701/1706, LLC and Hudson 1702, LLC (collectively, the "Tenant" or "Debtors"). I have been engaged by 356W58 Ground Lessor LLC (the "Landlord") to respond to the Eidson Report. Tenant and Landlord are parties to a ground lease dated May 4, 2022 and four amendments to such ground lease (collectively, the "Ground Lease") in connection with 353 West 57th Street Condominium, Condominium Units 1, 2 and 6, in New York, NY.
2. The scope of my engagement is to address the Eidson Report and to opine on the appropriate ground rent under the Ground Lease in today's market, during the timeframe of Debtors' bankruptcy proceedings, taking into account the investment Landlord made to acquire the leased fee interest.
3. This rebuttal report ("Rebuttal Report") proceeds in several parts. First, I identify the core flaw underlying the Eidson Report. Then, I address specific points raised by Mr. Eidson in his description of the methodology he employed to determine ground rent. Finally, I set forth my own opinion as to the appropriate ground rent, together with the methodology supporting that opinion.
4. My decision not to respond to each point made in the Eidson Report should not be construed as agreement with the points I did not address. Rather, I have focused my response on those aspects of the Eidson Report that I consider most significant to the determination of ground rent, and I reserve all rights with respect to any point not specifically addressed herein.

5. In preparing this Rebuttal Report, I have relied upon the Eidson Report, the materials listed in Exhibit B hereto, the additional sources cited below and my professional experience in the ground lease field. I reserve the right to supplement this Rebuttal Report as additional information becomes available.

II. SUMMARY OF REBUTTAL AND AFFIRMATIVE OPINION POINTS

6. As set forth more fully below, the fundamental flaw in the Eidson Report is one of methodology, and it begins with a mischaracterization of the task at hand. Mr. Eidson states that he was "asked by Counsel to determine a financeable stabilized Ground Rent for the completed project." (See Eidson Report at ¶ 3). That is not the correct inquiry. The task at hand is to determine the appropriate ground rent today, during the timeframe of Debtors' bankruptcy proceedings, considering the investment Landlord made to acquire the leased fee interest. Establishing the ground rent is the starting point from which a tenant can then determine how much leasehold financing the resulting cash flow can support, and, therefore, how much equity is required – not the other way around.

7. Mr. Eidson's approach inverts this analysis. Rather than determine the appropriate ground rent as an independent function of the investment in Landlord's leased fee interest, Mr. Eidson begins with a hypothetical leasehold construction loan (based on the purported $207 million "Parkview Loan") (See Eidson Report at ¶ 21) and a target lender debt service coverage ratio, and then solves backwards to derive ground rent based on whatever cash flow remains after satisfying the leasehold lender's target debt service coverage ratio. Under this approach, ground rent – which is the senior, controlling variable in a ground lease – is not a function of the investment in the

leased fee interest at all. Rather, it is merely a plug, calculated as whatever amount is left over after the hypothetical loan's debt service payment is multiplied by the debt service coverage ratio, and is then subtracted from projected fee simple cash flow. This is backwards. It prioritizes the loan over all other considerations, is not consistent with market convention and does not answer the question that has been posed. Simply put, Mr. Eidson posits that the more Tenant borrows against the leasehold, the lower ground rent should be. I address this flaw, and its consequences for Mr. Eidson's numerical conclusions, in Section IV below.

8. Market convention, by contrast, determines ground rent by reference to what investors in leased fee interests are seeking to achieve in terms of current yield on their acquisition cost / investment or land/property contribution[1] and is not a function of what a hypothetical leasehold financing will render available after satisfying such leasehold lender's debt service coverage requirement. The current yield that such leased fee investors seek is a spread above the 30-Year Treasury Rate – a common risk-free benchmark for long-duration investments such as 99-year ground leases.[2] I describe this market-convention approach, and the resulting determination of the appropriate ground rent, in Section V below.

9. Applying this market convention, I believe the appropriate ground rent for the leased fee interest is greater than the contractual rent set forth in the Ground Lease, currently $8,750,000 per annum; however, it is my understanding that Landlord is not seeking a

[1] Safehold Inc., Q1 2026 Earnings Results (investor presentation) at 5; Safehold Inc., Annual Report (Form 10-K) (for fiscal year ended Dec. 31, 2025, filed February 12, 2026) at 6.
[2] Shaun Libou, "Ground Level: The Case for Ground Leases and Long-Term Capital," Summit Journal (AFIRE), Issue No. 16 (Dec. 16, 2024) at Note 4.

rent greater than the contractual rent. The basis for, and support underlying, this opinion is set forth in Section V below.

10. My opinions are based on the materials reviewed, my analysis and my professional experience as described herein, and are subject to the qualifications and reservations of rights set forth in Section I above.

III. BACKGROUND, QUALIFICATIONS & COMPENSATION

11. I have twenty-eight years of experience as an investment banker, advisor and investor providing financial services to the real estate industry, all of which has been at Wells Hill Partners ("WHP"), a boutique real estate investment banking, advisory and principal investment firm founded in 1983 and located at 515 Madison Avenue in New York, NY. I am a senior partner at WHP.

12. Since its founding, WHP has advised on or acted as agent in the ground leasing, financing, restructuring, acquisition, disposition and development of over $30 billion worth of real estate across most property uses. WHP's principals are also active investors in real estate, having developed and acquired residential projects, office buildings, shopping centers, hotels, seniors' housing, bank branches and mixed-use properties valued in excess of $1.5 billion.

13. Over the course of my career at WHP, I have been directly involved in the successful completion of real estate transactions involving approximately $20 billion worth of real estate located in cities throughout the United States, with a particular focus on NYC. These transactions have spanned most real estate uses and have attracted capital from both domestic and foreign capital markets, and have included ground

leases, debt and equity placements, joint ventures, restructurings and recapitalizations, and investment sales and acquisitions.

14. I am involved in all aspects of WHP's activities, from working with clients to define their strategic objectives and set priorities, to generating and evaluating alternative plans based on what is feasible in the current real estate and capital markets, to assisting clients in selecting an optimal plan and executing it. My responsibilities include structuring transactions, formulating valuations, undertaking informal pre-marketing and formal marketing, selecting and negotiating with counterparties, coordinating due diligence, leading marketing efforts, working closely with client counsel to negotiate transaction documents and closing transactions. I have been involved in executing nearly all of the firm's transactions during my time there, including those on the principal investment side.

15. Ground lease structuring has been a particular focus of my practice. I have employed ground lease structures on behalf of owners of valuable property seeking to realize or restructure the inherent value in their holdings, recognizing that the design of a project capitalization involving a long-term ground lease is highly specific to the objectives and facts of each circumstance, and that the related documentation is necessarily detailed and comprehensive given the long-term nature of the relationships such leases create.

16. I have been integral to WHP's ground lease practice over the past 28 years, which has involved over $10 billion worth of real estate. The practice has included the creation of new ground leases, the restructuring of existing ground leases, the financing of leased fee and leasehold interests, and the sale of leased fee and leasehold interests.

Through this experience, I have helped WHP become a key player in the evolution of the ground lease market, which includes modernizing lease structures in ways that increase leased fee value while simultaneously protecting leasehold value, and vice-versa. I am able to draw upon extensive experience creating, restructuring, financing, selling, arbitrating and operating fee and leasehold interests created by ground leases.

17. A representative list of my ground lease transaction experience includes the following:

Property	Location	Use	Client	Nature of Engagement
114 Fifth Ave.	New York, NY	Office	Landlord	• Ground lease creation • Leased fee financing • Ground lease restructuring
680 Madison Ave.	New York, NY	Retail	Tenant	• Ground lease restructuring
666 Greenwich St. (The Archive Building)	New York, NY	Residential	Landlord	• Ground lease restructuring
333 E. Ontario St. (McClurg Court)	Chicago, IL	Residential	Landlord	• Ground lease restructuring
50/55 Hudson St.	Jersey City, NJ	Residential	Landlord	• Leased fee interest sale
295 Fifth Ave.	New York, NY	Office	Tenant	• Ground lease creation • Leasehold financing
1245 Broadway	New York, NY	Office	Landlord	• Ground lease creation
150 E. 42nd St.	New York, NY	Office	Landlord	• Acquisition of minority interest • Ground lease restructuring • Leasehold interest sale • Long-term leased fee financing
400 W. 113th St. (Enclave at the Cathedral)	New York, NY	Residential	Landlord	• Ground lease creation • Long-term leased fee financing

Property	Location	Use	Client	Nature of Engagement
				• Leased fee interest sale
1 Morningside Dr. (Avalon Morningside Park)	New York, NY	Residential	Landlord	• Ground lease creation • Long-term leased fee financing • Leased fee interest sale
425 Park Ave.	New York, NY	Office	Landlord	• Short- and long-term leased fee financings • Ground lease restructuring • Leased fee interest sale
Princeton University (Merwick Stanworth)	Princeton, NJ	Residential	Landlord	• Ground lease creation
720 Fifth Ave.	New York, NY	Office	Landlord	• Ground lease creation
7 Bryant Park	New York, NY	Office	Landlord	• Ground lease creation
21 E. 12th St.	New York, NY	Retail	Tenant	• Ground lease restructuring
301 Binney St. & 320 Bent St.	Cambridge, MA	Life Sciences	Landlord	• Ground lease restructuring
885 Third Ave. (Lipstick Building)	New York, NY	Office	Tenant	• Leased fee acquisition advisory
405 Lexington Ave. (Chrysler Building)	New York, NY	Office	Tenant	• Ground lease restructuring advisory
300 E. 46th St.	New York, NY	Residential	Landlord	• Ground lease restructuring advisory
27 E. 65th St.	New York, NY	Retail	Tenant	• Ground lease restructuring advisory

18. My professional background, education and affiliations are further set forth in my Curriculum Vitae, attached hereto as Exhibit A.

19. I am being compensated at a flat fee of $175,000 for my time and professional services in connection with this matter, plus reimbursement of associated expenses.

My compensation is not contingent in any way upon the substance of my opinions or the outcome of this matter.

IV. REBUTTAL POINTS

20. Mr. Eidson's analysis is flawed at its foundation. In Paragraph 3 of his report, Mr. Eidson states that he was "asked by Counsel to determine a financeable stabilized Ground Rent for the completed project." However, this framing mistakes the core question. The task at hand is to determine the appropriate ground rent today, during the timeframe of Debtors' bankruptcy proceedings, considering Landlord's investment in the leased fee interest. Market convention and the senior nature of the leased fee interest and obligations therein would require that once ground rent is established, a tenant can then determine how much leasehold financing a leasehold interest and its leasehold cash flow will support and, therefore, how much equity is required. Mr. Eidson's methodology proceeds in exactly the opposite direction – he begins with a hypothetical leasehold loan (further described in paragraph 24 below) and derives ground rent as the difference between net operating income ("NOI") and the amount necessary to service the loan considering an assumed debt service coverage ratio (1.25x). That approach is backwards and does not reflect market convention.

21. Ground rent is the senior, controlling variable in a ground lease.[3] As the owner of the leased fee interest, Landlord sits in the senior-most position in the capital structure – ground rent must be paid first, and the amount of leasehold financing available to

[3] Shaun Libou, "Ground Level: The Case for Ground Leases and Long-Term Capital," Summit Journal (AFIRE), Issue No. 16 (Dec. 16, 2024) at 96.

Tenant is properly derived from cash flow after payment of that ground rent, not the reverse. Mr. Eidson's approach improperly inverts this hierarchy – rather than deriving the leasehold loan amount from cash flow after ground rent, he derives the ground rent from what a hypothetical leasehold lender would require for lending a hypothetical amount. This inversion is not a matter of stylistic preference – it produces a fundamentally different, and incorrect, result for the reasons discussed below.

22. The Eidson Report's conclusion that ground rent should be $2,437,555 during the timeframe of Debtors' bankruptcy proceedings is the result of this flaw. Mr. Eidson derives a hypothetical leasehold loan amount and a set of loan assumptions that he characterizes as reflective of the financing market and then applies a purportedly "market" debt service coverage ratio ("DSCR") to that hypothetical loan to back into what he deems to be the appropriate ground rent. In Paragraph 9 and Table 1 of the report, and repeated in Paragraph 36 and Table 3, Mr. Eidson uses this reverse-engineered figure to calculate the alleged overpayment of ground rent during the first seven months of Debtors' bankruptcy case, comparing the contractual ground rent actually paid to the ground rent he has derived.

23. The assumptions underlying Mr. Eidson's hypothetical loan are themselves problematic, independent of the flawed methodology they support. In Paragraph 21 of the report, Mr. Eidson explains that his analysis uses the $207,000,000 "Parkview Loan amount" – the original 2022 construction financing – to calculate annual debt service, which annual debt service itself is based on purportedly market terms as of 2024. This is inconsistent with what should be the purpose of the Eidson Report,

which is to determine the appropriate ground rent as of today – a metric that is not impacted nor reflective of the level of leasehold financing, real or hypothetical. Similarly, Mr. Eidson relies on a pro-forma (a cash flow projection) prepared by the appraisal firm BBG in 2022 to develop his estimate of the project's stabilized income and expenses – a four-year-old projection that does not reflect more current pro-formas, prepared on Tenant's behalf, for determining the appropriate ground rent today.

24. Table 2 of the report shows how Mr. Eidson arrives at the debt service for this hypothetical loan, which I presume he believes is an appropriate amount of leasehold financing on the project. Mr. Eidson starts with the $207,000,000 Parkview Loan amount and applies a purportedly "market" 71.8% loan-to-value ("LTV") ratio, arriving at a hypothetical loan amount of $148,626,000. This calculation only makes sense if one infers (though Mr. Eidson never says so directly) that he is treating the stabilized value of the leasehold as equivalent to the $207,000,000 Parkview Loan amount, and that this hypothetical loan represents a refinancing of the Parkview Loan. Under that reading, Tenant would need to contribute $58,374,000 of equity simply to right-size the $207,000,000 Parkview Loan down to the hypothetical $148,626,000 loan amount. Mr. Eidson then applies a "market" interest rate of 7% and a 30-year amortization period to arrive at a hypothetical annual debt service of $11,977,235.

25. Mr. Eidson's actual derivation of the $2,437,555 ground rent figure appears nowhere in the narrative body of his report. It appears only in Appendix 3, and even there it is not transparent – it requires reverse-engineering to identify the ground rent as a plug figure, derived from the hypothetical loan described above, rather than as an

independently determined amount derived from Landlord's investment in the leased fee interest.

26. Working backwards through Appendix 3 illustrates the point. Mr. Eidson's pro-forma, built from the 2022 BBG appraisal, shows a stabilized leasehold NOI of $14,971,544 after deduction of $2,437,555 of "Market Ground Rent." Adding the ground rent figure back to this NOI yields $17,409,099 of fee simple NOI before "Market Ground Rent." Mr. Eidson then takes the derived $11,977,235 of debt service on his hypothetical loan and multiplies it by his target 1.25 DSCR ($11,977,235 × 1.25) to arrive at a minimum required NOI of $14,971,544. The difference between the $17,409,099 of fee simple NOI before ground rent and the $14,971,544 minimum NOI required to satisfy the DSCR on the hypothetical loan – a difference of $2,437,555 – is Mr. Eidson's "Market Ground Rent."

27. In other words, ground rent in Mr. Eidson's analysis is not derived from Landlord's investment in the leased fee interest at all; it is simply whatever amount of net operating income is left over once the hypothetical loan's debt service requirements have been satisfied.

28. The logical consequence of Mr. Eidson's approach is untenable. Extrapolating his methodology, the more Tenant borrows against the leasehold, the lower ground rent should be – because a larger hypothetical loan means larger required debt service, which leaves less cash flow available for ground rent. Under this framework, as Tenant increases the value it extracts from its leasehold interest through additional leverage, it necessarily does so to the detriment of Landlord's value in the leased fee interest. This gets the relationship between the two interests exactly backwards. Mr.

Eidson's methodology does not recognize the seniority of the leased fee position, nor does it recognize that Landlord is entitled to realize the value of its interest – determined according to market convention, as described in Section V below – before Tenant's financing capacity is determined at all.

V. AFFIRMATIVE OPINION POINTS

29. Having addressed the flaws in Mr. Eidson's methodology, I turn to my own opinion as to the ground rent. As stated in Section II above, the task at hand is to determine the appropriate ground rent as an independent function of Landlord's investment in the leased fee interest.

30. Market convention determines ground rent by reference to what investors are seeking to achieve in terms of current yield on their investment or land/property contribution.[4] The current yield that such investors seek is equal to the 30-Year Treasury Rate plus a risk-based spread.[5]

31. The 30-Year Treasury Rate is a conventional benchmark for a risk-free investment over a 30-year horizon, often acting as a duration proxy for longer-term investments such as ground leases.[6] The risk-based spread reflects the incremental return an investor expects, over and above the risk-free Treasury Rate, as compensation for taking certain investment risk.[7]

32. This risk-based spread is not static – it varies with the risk profile of the underlying project. The spread over the 30-Year Treasury Rate required by the market is greater

[4] Safehold Inc., Q1 2026 Earnings Results (investor presentation) at 5; Safehold Inc., Annual Report (Form 10-K) (for fiscal year ended Dec. 31, 2025, filed February 12, 2026) at 6.
[5] Safehold Inc., Annual Report (Form 10-K) (for fiscal year ended Dec. 31, 2025, filed February 12, 2026) at 30.
[6] E. Napoletano, "The Risk-Free Rate," Forbes Advisor (June 28, 2022) at 1, 3.
[7] E. Napoletano, "The Risk-Free Rate," Forbes Advisor (June 28, 2022) at 1.

for development projects than for existing, stabilized or cash-flowing properties, given the additional risks inherent in development. Overall spreads range from approximately 15 to 150 basis points, from stabilized to development projects, respectively. This range is evidenced by the promotional materials of a representative group of institutional investors in leased fee interests – NewPoint, Safehold, Haven, Twain, USQ and Montgomery Street Partners (the parent company of Landlord).

33. The 30-Year Treasury Rate as of the date of this report is approximately 5.2%.[8] Applying the risk-based spread described above, market leased fee investors require a total current yield on their investment of approximately 5.35% to 6.70% (5.2% plus 15 to 150 basis points). For a development project such as the Hudson Hotel, the expected market yield sought by such investors falls at the higher end of this range, reflecting the greater risk associated with an incomplete, in-process redevelopment/conversion project.[9]

34. Landlord's investment in the leased fee interest against which this market yield should be applied is $178,000,000, the purchase price of the leased fee interest. Applying the market-convention methodology described above, the appropriate ground rent today is properly calculated by multiplying the leased fee investment by the market investor yield – the 30-Year Treasury Rate plus the applicable risk-based spread. Considering the $178,000,000 investment and a combined rate of 6.25% (reflecting the higher end of the range applicable to a development project such as this one), the resulting market ground rent would be $11,125,000 annually

[8] Treasury Yield 30 Years (^TYX) Charts, Data & News, Yahoo Finance (as of August 14, 2026).
[9] Shaun Libou, "Ground Level: The Case for Ground Leases and Long-Term Capital," Summit Journal (AFIRE), Issue No. 16 (Dec. 16, 2024) at 99.

($178,000,000 × 6.25%). Notwithstanding this calculation, it is my understanding that Landlord is not seeking a rent greater than the current contract rent of $8,750,000 annually, which represents a yield of only 4.92% on Landlord's leased fee investment. In other words, the existing contract rent produces a yield level below what the market otherwise requires for a project of this risk profile, underscoring that the current contract rent is, if anything, conservative from Landlord's perspective, not excessive.

35. Once ground rent is properly established under this methodology, it is appropriate, though secondary, to consider the level and cost of leasehold financing proceeds that a tenant can obtain against that ground rent. A relevant measure of leasehold financeability is the coverage ratio of stabilized NOI before ground rent to the ground rent itself, with stabilized NOI reflecting a nearly fully leased project. An appropriate coverage ratio for optimizing leasehold financing proceeds is generally 3.0x or greater.[10]

36. Because Tenant has not yet presented a final business plan for the project that is acceptable to Landlord, certain assumptions are necessary to calculate the coverage ratio discussed above. Between 2022 and 2024, Tenant presented Landlord with pro-formas reflecting stabilized NOI before ground rent ranging from $23.3 million to $31.6 million. In 2025, National Valuation Consultants, Inc. prepared an appraisal that included a pro-forma reflecting stabilized NOI before ground rent of $15 million. Given this continued uncertainty as to Tenant's business plan and the resulting

[10] Safehold – Multifamily Market Sheet.

economics of the leasehold, I have used approximately the midpoint of this range of stabilized NOI figures for purposes of the coverage ratio analysis that follows.

37. Such midpoint happens to be reflected in the pro-forma presented by Tenant to Landlord dated August 2024, which projects a stabilized NOI of approximately $23.3M for a mixed-use development comprising 61 hotel rooms, 140 affordable residential units and 242 market-rate residential units. At the contract annual ground rent of $8,750,000, the coverage ratio of stabilized NOI before ground rent to ground rent is approximately 2.66x. It bears emphasis that while the market-convention yield methodology would support a ground rent of $11,125,000 per annum, it is my understanding that Landlord is not seeking a rent greater than the current contract rent of $8,750,000 annually.

38. A 2.66x coverage ratio, while below the optimal 3.0x threshold, is neither unusual nor inconsistent with viable, market-standard ground leases.[11] I have personally structured ground leases with similar or lower stabilized coverage ratios that have proven successful. One such lease is at [redacted] in Manhattan,[12] where the pro-forma stabilized coverage ratio at origination, and again recently, was roughly 2.4x. Another such lease is at [redacted] in Manhattan,[13] where the stabilized coverage ratio at origination was and currently is less than 2.0x. Both properties reflect viable, successful leased fee and leasehold interests structured at market ground rent. Both would benefit from greater NOI-to-ground-rent coverage to achieve optimal financeability, and the tenants at both properties have recognized as much –

[11] Safehold Inc., Annual Report (Form 10-K) (for fiscal year ended Dec. 31, 2025, filed February 12, 2026) at 6, 52; Safehold Inc., Q1 Earnings Results (investor presentation) at 6.
[12] The address of this building is confidential in the context of having provided the coverage ratio.
[13] The address of this building is confidential in the context of having provided the coverage ratio.

one has already bought down its ground rent to achieve a more optimal coverage ratio, and the other is presently in the final stages of doing so.

39. The lesson of these transactions is instructive here. Rather than reverse-engineering ground rent downward to accommodate the leasehold financing, as Mr. Eidson's methodology does, Tenant should instead first recognize the seniority of the leased fee interest and Landlord's corresponding entitlement to a market yield, determined as described above. The level of leasehold financing proceeds available to Tenant is properly a function of that ground rent, not the reverse. To the extent Tenant wishes to optimize its leasehold financing proceeds, the appropriate mechanism for doing so is not to understate the ground rent owed to Landlord, but rather to buy down the ground rent to a level at which stabilized NOI before ground rent covers the ground rent by 3.0x or more, an option expressly provided for under the existing Ground Lease.

VI. CONCLUSION

40. For the reasons set forth above, the analytical foundation of the Eidson Report does not hold up. Mr. Eidson should have been retained to determine the appropriate ground rent today considering the investment Landlord made to acquire the leased fee interest but instead answered a different question: what ground rent a hypothetical leasehold lender would tolerate given a hypothetical loan of Mr. Eidson's own construction. That approach inverts the proper analytical sequence, treats ground rent as a plug number rather than an independently derived amount and rests on financing assumptions – a 2022 pro-forma, 2024 loan terms and an unstated presumption that Tenant's $207,000,000 construction loan represents the as-is value of the leasehold,

none of which can support a determination of the appropriate ground rent today. The result, an opinion of Mr. Eidson that Tenant's ground rent obligation should fall by more than 70% to $2,437,555 annually, is not a market rent conclusion at all. It is an artifact of the hypothetical loan Mr. Eidson chose to construct, and it would only grow smaller still if that hypothetical loan were made larger, an outcome that exposes the methodology as untethered to Landlord's leased fee investment.

41. Ground rent is not, and has never been, a function of what a leasehold lender is willing to permit. It is a function of what an investor in the leased fee interest requires by way of current yield on that investment in the current investment environment. Applying that convention here, a risk-based spread over the 30-Year Treasury Rate, applied to Landlord's $178,000,000 investment, confirms that the appropriate ground rent for this development-stage project falls above the current contract rent of $8,750,000 annually. Indeed, properly calculated, the market-convention methodology would support a materially higher ground rent than the annual contract rent already reflects. The existing $8,750,000 ground rent, which reflects a yield of only 4.92% on Landlord's leased fee investment (a negative spread to the current 30-Year Treasury Rate), is therefore a conservative and fully supportable market rent, not, as Mr. Eidson contends, "a financial burden on the Project." (See Eidson Report at ¶ 8).

42. Nor does the resulting leasehold coverage ratio undermine this conclusion. A stabilized coverage ratio of approximately 2.66x NOI to ground rent based on Tenant's August 2024 pro-forma, while below the 3.0x threshold for optimizing leasehold financing proceeds, is consistent with coverage ratios I have structured and

observed in successful Manhattan ground lease transactions. To the extent Tenant seeks more optimal leasehold financing, the Ground Lease itself provides the appropriate mechanism, a ground rent buydown, rather than trying to reduce Landlord's contractual rent through litigation.

43. It is therefore my opinion, based on the materials reviewed, my analysis and my professional experience as set forth herein, that the appropriate ground rent today for the leased fee interest is greater than the contractual rent set forth in the Ground Lease, currently $8,750,000 per annum; however, it is my understanding that Landlord is not seeking a rent greater than the contractual rent.

44. I reserve the right to supplement, revise or amend the opinions set forth in this Rebuttal Report to the extent additional relevant information becomes available, including in response to any further reports, testimony or discovery in this matter.

Daniel Mizukovski

Daniel Mizukovski
Managing Director
Wells Hill Partners, Ltd.

EXHIBIT A

CURRICULUM VITAE

BACKGROUND

Mr. Mizukovski is an accomplished real estate professional with twenty-eight years of industry experience. He has expertise in structuring and executing complex real estate transactions, including ground leases, debt and equity placements, financial restructurings, joint ventures, acquisitions, investment sales and development projects.

EXPERIENCE

WELLS HILL PARTNERS, LTD., New York, NY August 1998 – Present

Managing Director & Principal

Wells Hill is a boutique investment banking firm providing advisory and capital market services to the real estate industry. The firm is dedicated to serving as a catalyst for creating and maximizing real estate value. Since its formation in 1983, Wells Hill has advised on or acted as agent in the ground leasing, financing, restructuring, acquisition, disposition and development of over $30 billion worth of real estate, involving most uses. The principals of Wells Hill also are involved as active investors in the real estate industry, having developed and acquired residential projects, office buildings, shopping centers, hotels, seniors' housing, bank branches and mixed-use properties valued in excess of $1.5 billion.

Mr. Mizukovski is involved in all aspects of the firm's activities, from working with clients to define objectives and set strategy to managing and executing transactions to generating and evaluating new business opportunities for the firm. His responsibilities also include leading the marketing efforts for projects, negotiating with counterparties, reviewing legal documentation and closing the transactions. He has been involved in executing nearly all the firm's transactions, including those on the principal investment side.

Mr. Mizukovski has been an integral part of all the ground lease transactions accomplished by the firm over the past 28 years, involving approximately $10 billion of real estate, including the

creation of new ground leases, restructuring of existing ones, financing of leased fee and leasehold interests, and sale of leased fee and leasehold interests.

EDUCATION

THE WHARTON SCHOOL, UNIVERSITY OF PENNSYLVANIA, Philadelphia, PA

- Bachelor of Science in Economics with a concentration in Real Estate, May 1998
- Founder and President, The Wharton Futures, Options, and Hedging Strategies Club

PROFESSIONAL AFFILIATIONS

- Member, Urban Land Institute
- Licensed New York State Real Estate Broker

SPEAKING ENGAGEMENTS (GROUND LEASE RELATED)

- Association of University Real Estate Officials (AUREO) – Boise State University
- Association of University Real Estate Officials (AUREO) – University of New Brunswick
- Mortgage Bankers Association of New York

EXHIBIT B

MATERIALS REVIEWED

Expert Report:

- Expert Report of Greg Eidson dated July 27, 2026

Legal Agreements:

- Ground Lease dated May 4, 2022 between 356W58 Ground Lessor LLC as Landlord and Hudson 1701/1706, LLC and Hudson 1702, LLC as Tenant
- First Amendment to Ground Lease dated January 3, 2023 between 356W58 Ground Lessor LLC as Landlord and Hudson 1701/1706, LLC and Hudson 1702, LLC as Tenant
- Second Amendment to Ground Lease dated May 1, 2023 between 356W58 Ground Lessor LLC as Landlord and Hudson 1701/1706, LLC and Hudson 1702, LLC as Tenant
- Third Amendment to Ground Lease dated December 1, 2023 between 356W58 Ground Lessor LLC as Landlord and Hudson 1701/1706, LLC and Hudson 1702, LLC as Tenant
- Fourth Amendment to Ground Lease dated March 29, 2024 between 356W58 Ground Lessor LLC as Landlord and Hudson 1701/1706, LLC and Hudson 1702, LLC as Tenant

Case Documents:

- Debtors' Motion for an Order Determining Amount of Prospective Post-Petition Monthly Rent Due as an Administrative Expense Claim (filed on June 2, 2026)
- 356W58 Ground Lessor LLC's Objection to Debtors' Motion for an Order Determining Amount of Prospective Post-Petition Monthly Rent Due as an Administrative Expense Claim (filed on June 16, 2026)
- Magna Legal Services Transcript of Videotaped Deposition of Max Nipon (MSP) on April 30, 2026

Supporting Documents:

- E-mail Chain, A. Smeke (CSC), S. Smeke (CSC), M. Nipon (MSP), M. Bartmann (MSP), from 12/22/2023 to 2/12/2024 (356W58GROUNDLESSOR_00050133-0148)
- CSC Pro-forma and Analysis dated 3/8/2022 (356W58GROUNDLESSOR_00031103)
- CSC Pro-forma and Analysis dated 2/12/2024 (356W58GROUNDLESSOR_00050133)
- CSC Pro-forma and Analysis dated 8/12/2024 (356W58GROUNDLESSOR_00053454)
- CSC Pro-forma and Analysis dated 9/11/2024 (356W58GROUNDLESSOR_00053453)
- MSP Pro-forma and Analysis dated 5/4/2022 (356W58GROUNDLESSOR_00053455)
- Appraisal Report dated November 7, 2025 prepared by National Valuation Consultants, Inc. (356W58GROUNDLESSOR_00053099-3285)
- Safehold Inc., Q1 2026 Earnings Results (investor presentation)
- Shaun Libou, "Ground Level: The Case for Ground Leases and Long-Term Capital," Summit Journal (AFIRE), Issue No. 16 (Dec. 16, 2024)
- E. Napoletano, "The Risk-Free Rate," Forbes Advisor (June 28, 2022)
- Treasury Yield 30 Years (^TYX) Charts, Data & News, Yahoo Finance (as of August 14, 2026)
- Safehold Inc., Annual Report (Form 10-K) (for fiscal year ended Dec. 31, 2025, filed February 12, 2026)

Ground Lease Industry Material:

- NewPoint Real Estate Capital – Proprietary Solution: Ground Lease Financing
- Safehold – Fixed Income Update Q1'26 [not cited]
- Safehold – Multifamily Market Sheet
- Twain Financial Partners – Ground Lease Capital
- Haven Capital – Haven Ground Lease
- Haven Capital – Fully Amortizing Ground Lease

- Haven Capital – Development Ground Lease
- USQ – Development Ground Leases
- USQ – Ground Lease Market Update

EXHIBIT C

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IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	**Chapter 11**
HUDSON 1701/1706, LLC, et al.,	**Case Nos. 25-11853 (KBO)**
Debtors.	**(Jointly Administered)**

Expert Rebuttal Report of Greg Eidson
August 24, 2026

GlassRatner

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1.0 Introduction and Summary Conclusion

1.1 Introduction

1. GlassRatner Advisory & Capital Group, LLC ("**GlassRatner**") was retained by Boies Schiller Flexner LLP ("**Counsel**"), on behalf of Debtors Hudson 1701/1706, LLC and Hudson 1702, LLC (together, the "**Debtors**") in connection with the Debtors' pending chapter 11 bankruptcy cases (collectively, the "**Bankruptcy Cases**") commenced on October 22, 2025 (the "**Petition Date**").

2. Daniel Mizukovski prepared a rebuttal ("**Mizukovski Rebuttal**") of my report which was dated July 27, 2026. I have reviewed the Mizukovski Rebuttal and offer my comments and clarifications in this report.

3. The scope of this rebuttal of the Mizukovski Rebuttal is to correct inaccuracies and misstatements in the Mizukovski Rebuttal as well as offer my opinions on Mr. Mizukovski's methodology of estimating market ground rent.

4. Any minor differences in the amounts calculated or referenced in supporting documentation or schedules to this report are due to rounding.

5. The hourly rates charged by GlassRatner for professional services provided in this matter range from $225 to $795. My time is billed at $695 per hour. I do not have a financial interest in this dispute, and our compensation is not dependent on the outcome of this matter.

6. I reserve the right to revise and supplement my analyses, opinions, and report to the extent additional relevant information becomes available. I also reserve the right to produce a rebuttal or response report related to any analyses or reports submitted on behalf of the Defendants.

1.2 Summary Opinion

7. My opinions are presented in two parts: 1) my response to Mr. Mizukovski's comments on my report and 2) my opinions on Mr. Mizukovski's methodology and conclusions.

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8. Based on the analyses contained herein, my opinions are that:

- **Mr. Mizukovski describes my analysis as a mischaracterization of the task**. The task is to estimate the Ground Rent applicable during the bankruptcy period from October 1, 2025 to the present.
    - Mr. Mizukovski opines that my methodology, which considers the entire real estate ecosystem[1] (a phrase adopted from Safehold), is reverse engineering the ground rent.
        1. Reverse engineering can be defined as the process of working backward from a known output, solution, data set, or final behavior to find the original equation, parameters, or governing rules. Instead of solving forward (input to output), you reconstruct the hidden logic from the results.
        2. Reverse engineering is a fair term for what I did. I used the known cash flow calculations from the BBG Appraisal 2022,[2] estimated the debt obligations with market terms, relied on published multifamily lending measures, and estimated how much ground rent the property could support at this point in time.
        3. In paragraph 34 of his report, Mr. Mizukovski reverse engineered the current ground rent ($8,750,00) with the investors purchase of $178,000,000 (2021-2022) to arrive at a return of 4.92%. Mr. Mizukovski reports that this return is below market. The property was purchased when the 30-year Treasury rate was 2.10%. By this measure, 4.92% would be a market or above market return. Comparing a purchase in 2021-2022 with the 2025-2026 market is not a fair and just comparison. The cost of debt has increased, Treasury rates of return have increased, and the cost of development and operating costs have all increased. Mr.

[1] In the context of Safehold and commercial real estate, "**ecosystem**" refers to the interconnected network of professional participants, capital providers, and regulatory structures that cooperate to buy, build, finance, and manage properties.

[2] BBG 2022 was used because the timing of the development would put stabilization near the current bankruptcy period.

Mizukovski did not explore the real possibility that the property may not command the same price in 2025-2026 as it did in 2021-2022.

- Mr. Mizukovski would like to make this process as simple as calculating a return on the property land purchase, a return described by Mr. Mizukovski as "required" by investors. Investors may desire a return, but that return needs to be considered in the large ecosystem of the deal.

- In paragraph 23 of Mr. Mizukovski's report, he suggests that the appropriate ground rent should not be influenced by property-level financing and then quickly contradicts that statement. If the ground rent is not impacted by the level of leasehold financing, why would he state that my projections do not reflect current pro-formas for determining the appropriate ground rent?
    1. Mr. Mizukovski says: *This is inconsistent with what should be the purpose of the Eidson Report, which is to determine the appropriate ground rent as of today*—***a metric that is not impacted nor reflective of the level of leasehold financing, real or hypothetical.*** *Similarly, Mr. Eidson relies on a pro-forma (a cash flow projection) prepared by the appraisal firm BBG in 2022 to develop his estimate of the project's stabilized income and expenses*—***a four-year-old projection that does not reflect more current pro-formas, prepared on Tenant's behalf, for determining the appropriate ground rent today***. In two sentences, Mr. Mizukovski both rejects and then incorporates leasehold financing.
    2. To further clarify the point of my analysis: the four-year-old projection was used because it was the most reliable forward-looking presentation of cash flow available. The number in this cash flow was projected forward, from 2022 through 2026, at market rates. The construction and lease-up time were also considered.
    3. The other reports we were provided with were, in my opinion, either unrealistic (the BBG Hotel component) or

their forecast stabilization was well beyond this period of October 2025 to the present.

a. BBG Appraisal 2024 forecasted stabilization in 2026.
b. Colliers Appraisal 2025 forecasted stabilization in 2029.

- Mr. Mizukovski references Safehold thirteen times in his report. However, he references Safehold for data that is beneficial and ignores Safehold for data that is not. For example:

1. Paragraph 8: *Market convention, by contrast, determines ground rent by reference to what investors in leased fee interests are seeking to achieve in terms of current yield on their acquisition cost / investment or land/property contribution.* Safehold is quoted as the source.
2. Safehold defines the 'market convention' by completely flipping it. Historically, the market convention for establishing a ground lease rate was to calculate a fixed return percentage against the appraised fair market value (FMV) of the land, heavily reliant on periodic, litigious resets. Instead, Safehold sets its own institutional convention based on combined property metrics, capital stack optimization, and absolute predictability. In short, Safehold evaluates and pitches its rate structure through specific market-based benchmarks. On their website, *Safeholdinc.com*, Safehold describes reduced upfront equity requirements, reduced cost of capital with a low-cost, long-term, flexible structure and lender friendly structure approved by banks, CMBS, debt funds, life companies and agencies. Clearly, Safehold takes all parties into consideration.
3. This model used by Safehold is the point of my analysis. All property metrics must be considered to create a ground lease that both serves the Landlord and makes the

development successful. It does not matter what return the Landlord wants if that return creates a burden on the property ownership and lenders. Conventional ground leases focus entirely on the land. Safehold's convention looks at the **entire real estate ecosystem.**

4. Safehold breaks market convention by framing their rate not as a 'landlord's rent,' but as a cost of capital. "Because ground rent is treated as an above-the-line expense rather than debt, the property's income is more appealing to a permanent lender."[3] "After resizing the permanent loan based on net operating income after ground rent, the combination of ground lease proceeds and debt typically leaves developers with 10% to 20% more total capital than they'd have in a traditional deal."[4] This paragraph reiterates what I have previously stated. The ground lease is not a static calculation. The rate of return and ultimate annual rent must fit into the entire real estate ecosystem. As this process relates to the current bankruptcy proceedings, the rent must be examined at the stage of completion and stabilization this project was expected to be.

- The phrases, *Hypothetical Leasehold Loan or Hypothetical Loan,* are used by Mr. Mizukovski twenty-four times in his rebuttal report.
    1. **Merriam-Webster** defines "hypothetical" as "an adjective meaning based on a hypothesis, assumption, or imagined idea rather than on real facts or proven evidence."
    2. **The Dictionary of Real Estate Appraisal, 7th Edition, (Appraisal Institute)**, defines "hypothetical" as "A condition that is presumed to be true when it is known to be false. (SVP) at 2. A condition, directly related to a specific assignment, which is contrary to what is known by the

[3] Why the modern Ground lease has become an affordable housing gap filler, Insight, May 20, 2026

[4] Why the modern Ground lease has become an affordable housing gap filler, Insight, May 20, 2026

appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis." *Comment*: "Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis. (USPAP, 2020-2021 ed.)"

3. Under the strict interpretation of this definition, the task of estimating the market rent on a building under construction and estimating what the rent would be if construction were complete and the building occupied and stable at this time is hypothetical. We know the building has not been completed, is unoccupied (other than a few tenants), and has no meaningful cash flow. In the larger picture, we are developing a hypothetical analysis, but, in the details, I am using actual or market data to develop credible conclusions.
4. The construction loans (what I refer to as the "**Parkview Loan**" below) are not hypothetical; they are part of the Hudson Project, necessary for its development, and were required by the terms of the ground lease at issue here.
5. The terms of lending are not hypothetical, rather all market-derived for the period that I estimated the construction loan would start.
6. Estimating loan terms on a development project does require assumptions, each deal has its own unique characteristics, but they will fall into market parameters. These assumptions do not make it hypothetical; they simply make it a reflection of the market.
7. The cash flows used are not hypothetical. They are sourced from the BBG appraisal that I reviewed and found reliable.

2.0 Professional Qualifications and Background of Greg Eidson

9. This report was prepared by Greg Eidson, a Managing Director in the Atlanta office of GlassRatner. My work address is 3445 Peachtree Road NE, Suite 1225, Atlanta, Georgia.

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10. I hold a B.S. in Finance from Auburn University (1986), an MAI Designation from the Appraisal Institute (1995), a CCIM Designation from the CCIM Institute (1997), a real estate sales license in Georgia, and a real estate associate broker's license in Alabama.

11. I have forty years of experience in the real property valuation, brokerage, and consulting industry. My education includes a Bachelors in Finance from Auburn University, the MAI Designation from the Appraisal Institute, and the CCIM Designation from the CCIM Institute. I have particular appraisal experience in multi-family, student-housing, free standing and multi-tenant retail, extended-stay hotels, limited service and full-service hotels, office buildings, industrial properties, special purpose properties and self-storage facilities, residential subdivisions, conservation easements, mitigation banks, recreational and timber land, and right-of-way for public and private utilities and state and local transportation clients. Clients range from individual and regional investors, developers, national and regional lenders, pension fund advisors, insurance companies, government agencies, CPAs, attorneys, and Fortune 500 chief financial officers.

12. My valuation opinions have been used in the context of mortgage lending, right-of-way acquisitions, bankruptcy court, buy/sell decisions, purchase price allocation, loan monitoring, forced disposition, portfolio performance monitoring, and litigation support. My C.V. is attached hereto as **Appendix 1**, further documenting my experience and expert witness testimony.

13. I have no previous relationship with any of the parties to this matter and am independent of these parties.

3.0 Scope of Work

14. The opinions and conclusions set out herein are based on my review of the *Expert Rebuttal Report of Daniel Mizukovski, August 14, 2026*. The documents that I rely upon in this Report are listed in **Appendix 2**. For ease of reference, in footnotes to this Report, I have cited the documents (or other information) on which I have relied upon.

15. My analysis includes the preparation of various cash flow calculations and conclusions. All of the analyses and methodologies applied herein are fully consistent with generally accepted bodies of knowledge related to real estate valuation.

16. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.

4.0 Background[5]

17. On or around February 3, 2022, CSC Hudson LLC ("**CSC**") entered into a purchase and sale agreement to purchase certain condominium units in the Hudson Project, specifically:

    a) Unit 1701: 203,585 square feet of the Hudson Project, including the mezzanine, floors 2 through 9, and floor 25 ("**Unit 1701**");
    b) Unit 1702: 216,937 square feet of the Hudson Project, including floors 11 through 22 and portions of floors 23, 24, and 26 ("**Unit 1702**"); and
    c) Unit 1706: 17,981 square feet of the Hudson Project consisting of the 10th floor ("**Unit 1706**"). The purchase and sale agreement included a lease agreement for Unit 1706, with an option to purchase. Units 1701, 1702 and 1706 are collectively referred to as the "**Hudson Project**."

18. CSC subsequently assigned the purchase and sale agreement for the Hudson Project to the Ground Lessor. On May 4, 2022, the Ground Lessor acquired Unit 1701 and Unit 1702, along with a purchase option for Unit 1706. On or around January 3, 2023, the Ground Lessor acquired Unit 1706.

Ground Lease

19. On the same date, May 4, 2022, the Debtors entered into the Ground Lease with the Ground Lessor. The Ground Lease, upon issuance, had the following terms:

    a) Ground Rent was $6,000,000 annually (payable in $500,000 monthly installments). The annual Ground Rent was subsequently increased to $6,400,000 when the Ground Lessor purchased Unit 1706 in January 2023;
    b) Ground Rent increased 10% in years six and eleven, and then at least 2% annually for the next 88 years.[6]

[5] The events discussed in this section are not intended to represent an exhaustive history of all relevant facts and events surrounding this dispute. We provide this information to aid in the understanding of this Report, and we may cite to the operative pleadings in this case for that purpose. In doing so, we do not express any legal opinion on the allegations or the facts alleged in these pleadings.

[6] Ground Lease dated May 4, 2022.

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20. As part of the redevelopment plan for the Hudson Project, on or around May 4, 2022, Plaintiffs received an aggregate $207 million in development and construction financing ("**Parkview Loan**") from Parkview Financial REIT LP ("**Parkview**"). The Loan matured on November 1, 2024 (the "**Parkview Maturity Date**").

    a) The Parkview Loan amount is used in my analysis to calculate the annual debt service. The annual debt service is based on market terms as of 2024.[7] Additionally, the pro forma presented by the appraisal firm BBG[8] is used to develop the estimate of stabilized income and expenses of the completed development. These two documents (Parkview Loan and BBG appraisal) are instrumental in the calculation of the market ground rent. The ground rent is an expense that, coupled with all operating expenses of the Project and deducted from the effective gross income, equals the operating cash flow (net operating income) that is available for debt service. As will be presented herein, lenders prefer a minimum debt service coverage ratio ("**DSCR**") of 1.25. The calculation of the DSCR is $DSCR = Operating\ Cash\ Flow/Debt\ Service$. This means the lender wants a minimum cash flow that is 25% greater than the debt service.

21. On **March 29, 2024**, the Debtors and Ground Lessor entered into the Fourth Amendment to the Ground Lease. **Ground Rent increased to $8,750,000 annually** ($729,166.97 per month). The Fourth Amendment also allowed for more frequent adjustments to the Ground Rent to account for inflation and ensured that increases were no less than 2% per year, regardless of inflation.[9]

5.0 Expert Rebuttal Report of Daniel Mizukovski, August 14, 2026

22. Mr. Mizukovski prepared a rebuttal of my expert report ("**Eidson Report**") dated July 27, 2026. Mr. Mizukovski's report will be referred to herein as the "**Mizukovski Rebuttal**." I have reviewed this report, and the following is my rebuttal in the order of the points presented in the Mizukovski Rebuttal. Paragraph numbers from that Rebuttal are presented followed by my opinion points.

[7] 2024 Mortgage Survey Report, April 18, 2024, by New York City Rent Guidelines Board.

[8] BBG Appraisal Report, March 25, 2022.

[9] Fourth Amendment to Ground Lease dated March 29, 2024.

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23. Mizukovski Rebuttal ¶ 6. Mr. Mizukovski criticizes my methodology, defines the task I should have used, and states that the ground rent amount is the base from which the leasehold financing is determined.

a) Mr. Mizukovski attempts to determine current ground rent in 2026 by relying on a purchase price from 2022. This approach assumes that land values today are unchanged from 2022, while Mr. Mizukovski also acknowledges that what he calls "investor-required returns" have increased significantly. Between January 2022 and August 2026, the 30-year U.S. Treasury rate increased by approximately 3.09%, rising from 2.10% at the start of 2022 to 5.19%. As a result, borrowing costs increased materially. *See* Debt Cost Table below.

Debt Cost Comparison: 2022 vs. 2026

The table below contrasts standard fixed-rate permanent agency debt (e.g., Fannie Mae or Freddie Mac) for a stabilized New York apartment building:[1]

Financial Metric	2022 Market Standard	2026 Current Market	Impact on Project Execution
10-Year U.S. Treasury	~1.60% – 2.50%	**~4.71%**	Baseline reference index has surged over 220 bps.
All-In Fixed Interest Rate	3.25% – 4.25%	**5.65% – 6.25%**	Borrowing capital costs are nearly twice as high.
Max Loan-to-Value (LTV)	75% – 80%	**55% – 65%**	Lenders require substantially more upfront equity.
Req. Debt Service Coverage	1.25x	**1.35x – 1.55x**	Projects must generate more cash flow to justify the same loan size.
Underwriting Focus	Aggressive forward rent growth	**Proved historical NOI & expense control**	Paper projections are discounted; strict underwriting is mandatory.

[1] https://www.northmarq.com/insights/rates-spreads

b) In addition, the multifamily market in New York submarkets has changed materially since 2022. A review of the Midtown West submarket (data by CoStar) indicates that property values have declined by approximately 22%, *see* Hudson0044841, while NOI remains

unchanged. The primary driver of this decline is the increase in capitalization rates, which has been influenced by higher borrowing costs and increased risk associated with slower rent growth, new construction, and increased development costs.

24. Mizukovski Rebuttal ¶ 7. Mr. Mizukovski disagrees with my methodology. The accusation is that I am not using an independent method to arrive at the market ground rent.

a) In estimating the ground rent during this bankruptcy period, assumptions are required. Mr. Mizukovski states that the appropriate measure is a return on the Landlord's investment. He then estimates a ground rent based on the 2022 purchase price with 2026 rates of return, and no consideration for the financial dynamics of the surrounding market. The use of the 2022 purchase price as a base assumption is flawed without also adjusting for the time. As I have noted and will repeat, the market dynamics changed a lot from 2022 to 2026. Mr. Mizukovski makes this point by illustrating the rapid increase in Treasury rates. Those same rates have a negative impact on property value because they increase the cost of borrowing and reduce the money available to pay the ground rent.

b) The Parkview Loan is not hypothetical. It is part of the ground lease. Without financing the development deal does not move forward. Without financing there is no return for the Landlord's investment. Mr. Mizukovski treats the ground lease as if it were unrelated to the development of the property. The ground lease is an integral part of the development, as is the debt service, gross income, expenses, and cost of stabilization. All are important factors that were designed to work together to achieve a positive outcome for all parties.

25. Mizukovski Rebuttal ¶ 8. This paragraph is another critique of my methodology: *Market convention, by contrast, determines ground rent by reference to what investors in leased fee interests are seeking to achieve in terms of current yield on their acquisition cost / investment or land/property contribution and is not a function of what a hypothetical leasehold financing will render available after satisfying such leasehold lender's debt service coverage requirement.*

a) "*Seeking to achieve*" is a wishful objective. There is a difference in what the market will pay for an investment as compared to what the investors are "*seeking to achieve*." The most recent submarket analysis prepared by CoStar of the subject's market

illustrates this. From the 2nd Quarter of 2016 to the 4th Quarter of 2022, capitalization rates were in a tight range of 3.5% to 3.8%. In the 1st Quarter of 2023, these rates started to increase until the 2nd Quarter of 2024. The year-to-date 2026 the average capitalization rate is 4.5%. [10] As capitalization rates go up and the net operating income remains unchanged, the property value goes down.

26. Mizukovski Rebuttal ¶ 17. A list of ground lease transactions is presented but no details are provided.

    a) The details of each of these transactions should be provided for our review.

27. Mizukovski Rebuttal ¶ 20. This paragraph contains a repeating theme that "market convention," on establishing a ground lease amount, is not followed in my analysis.

    a) Once again, "market convention," as defined by Mr. Mizukovski in paragraph 8, *determines ground rent by reference to what investors in leased fee interests are seeking to achieve in terms of current yield on their acquisition cost / investment or land/property contribution and is not a function of what a hypothetical leasehold financing will render available after satisfying such leasehold lender's debt service coverage requirement.*

    b) Safehold, which Mr. Mizukovski references repeatedly, sets its own institutional convention. Safehold defines the "market convention" by completely flipping it. Historically, the market convention for establishing a ground lease rate was to calculate a fixed return percentage against the appraised fair market value (FMV) of the land, heavily reliant on periodic resets. "Safehold, the lessor, acquires the fee interest with proceeds at a premium to the underlying land value, funding both the land cost and a tenant improvement allowance, which serves as an additional funding source for the project. According to Wylder (Steve Wylder, executive vice president and head of investments at Safehold), the lease rate—Safehold's cost of capital—is 'well inside of conventional permanent debt, which typically helps to drive a 10% to 20% increase in permanent proceeds after including ground rent as an 'above the line' operating expense and resizing the debt accordingly.'"[11] Instead, Safehold sets its own

[10] CoStar Midtown West Multi Family DataTable.xls

[11] Ground Lease 101; What Developers Need to Know, Affordable Housing Finance, Donna Kimura, Jan. 12, 2026.

institutional convention based on combined property metrics, capital stack optimization, and absolute predictability. Unlike Mr. Mizukovski, Safehold evaluates and pitches its rate structure through several specific benchmarks.

c) This model used by Safehold is the point of my analysis. All property metrics must be considered to create a ground lease that both serves the Landlord and makes the development successful. It does not matter what return the Landlord wants if that return creates a burden on the property ownership and lenders.

d) Conventional ground leases focus entirely on the land. Safehold's convention, like mine, looks at the entire real estate ecosystem.

e) Safehold reiterates what I have previously stated. The ground lease is not a static calculation. The rate of return and ultimate annual rent must fit into the entire real estate ecosystem. As this process relates to the current bankruptcy proceedings, the rent must be examined at the stage of completion and stabilization this project was expected to be.

28. Mizukovski Rebuttal ¶ 21. This paragraph states: *Ground rent is the senior, controlling variable in a ground lease*.

a) This phrase is sourced from a marketing piece for the Raymond James brokerage. It is an article on why one should invest in ground leases. This is not an authority on ground leases.

29. Mizukovski Rebuttal ¶ 23. This paragraph states: *The assumptions underlying Mr. Eidson's hypothetical loan are themselves problematic, independent of the flawed methodology they support. In Paragraph 21 of the report, Mr. Eidson explains that his analysis uses the $207,000,000 "Parkview Loan amount"—the original 2022 construction financing—to calculate annual debt service, which annual debt service itself is based on purportedly market terms as of 2024. This is inconsistent with what should be the purpose of the Eidson Report, which is to determine the appropriate ground rent as of today—**a metric that is not impacted nor reflective of the level of leasehold financing, real or hypothetical**. Similarly, Mr. Eidson relies on a pro-forma (a cash flow projection) prepared by the appraisal firm BBG in 2022 to develop his estimate of the project's stabilized income and expenses—**a four-year-old projection that does not reflect more***

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current pro-formas, prepared on Tenant's behalf, for determining the appropriate ground rent today.

a) The bold parts of this paragraph provide an interesting contrast. In the middle of the paragraph, we are told the metric I use is not reflective of the market. At the end of the paragraph, he writes that current pro-formas are used in **"determining the appropriate ground rent today."** We are in agreement that pro-formas (cash flow projections) are important in the ecosystem of a development that benefits all parties involved. There is no reason that debt obligations would not be a part of the pro forma. However, these two statements contradict contentions made throughout the Mizukovski Rebuttal that the ground rent is based only on the investors' required return. The ground rent is not an isolated calculation. What the investor wants does not matter if the property cannot support it.

30. Mizukovski Rebuttal ¶ 23. Additionally, this same paragraph in the Mizukovski Rebuttal has concluded the use of the 2022 construction financing and the 2024 market terms of a construction loan are inconsistent. The Mizukovski Rebuttal is also critical of the use of the pro forma from the 2022 BBG Appraisal.

a) I used the 2024 market terms to coincide with the loan terms being permanent at the same time as the hypothetical development is completed. The timing does create higher debt service than what would have happened if the property had shifted from a construction loan to permanent loan in the 2022 time period. That was not the case, and modeling it that way would not have been an accurate representation of the construction schedule.

b) I used the BBG 2022 appraisal for these reasons:

1. This report had a timeline that concluded completion in 2023 and stabilization in 2024. Meaning the cash flow would be stable at the time of the bankruptcy in 2025-2026.
2. This was the valuation of an apartment development. My research suggested that this was, and is, the most appropriate and likely use.
3. The BBG 2024 appraisal did not forecast stabilization until November 2026.

4. The Colliers 2025 appraisal did not forecast stabilization unit March 2029. The Colliers 2025 appraisal produces a stable NOI of $9,313,254 after ground rent and $15,713,254 before ground rent. When these numbers are discounted back to 2026, they are not materially different from the BBG 2022 projections at the same point in time.

c) Considering what happened with the Hudson Project's permitted apartment mix, 172 units reduced to 80% AMI, the 2022 pro forma would have produced a higher cash flow and thus more revenue for ground rent than would the most current pro forma.

31. Mizukovski Rebuttal ¶ 33. *The 30-Year Treasury Rate as of the date of this report is approximately 5.2%. Applying the risk-based spread described above, market leased fee investors require a total current yield on their investment of approximately 5.35% to 6.70% (5.2% plus 15 to 150 basis points). For a development project such as the Hudson Hotel, the expected market yield sought by such investors falls at the higher end of this range, reflecting the greater risk associated with an incomplete, in-process redevelopment/conversion project.*

a) The source used by Mr. Mizukovski for this increase over development risk uses 50 basis points, not 150. Thus, Mr. Mizukovski overstates the risk/reward requested by the market. This overstatement has the impact of increasing the returns to the landowner. Using the 50 basis points referenced in the source document means the rate goes down to 5.7%, not up to 6.7%.

32. Mizukovski Rebuttal ¶ 34. The market ground rent is calculated to be $11,125,000.

a) This calculation has no consideration for other market dynamics. These would include the increases in market vacancies and cap rates since 2022. These market dynamics typically put downward pressure on land prices. Mr. Mizukovski's use of the 2022 property purchase and the current proposed rates of return distort the estimated ground rent.

b) Additionally, with no consideration for the other market dynamics, particularly the cost of debt, Mr. Mizukovski's ground rent estimate would put the property in a position of

negative cash flow. This is not a financeable position that benefits any party to this development deal.

33. Mizukovski Rebuttal ¶ 35. This paragraph states: *Once ground rent is properly established under this methodology,* ***it is appropriate, though secondary, to consider the level and cost of leasehold financing proceeds that a tenant can obtain against that ground rent****. A relevant measure of leasehold financeability is the coverage ratio of stabilized NOI before ground rent to the ground rent itself, with stabilized NOI reflecting a nearly fully leased project. An appropriate coverage ratio for optimizing leasehold financing proceeds is generally 3.0x or greate*r.

a) Mr. Mizukovski sees the consideration of the cost of debt to be secondary. This contrasts with his favorite report source, Safehold, which considers the entire ecosystem of the deal. The ecosystem would include all parties to the development.

b) I agree with the examination of the NOI coverage ratio in addition to well established ratios, such as the debt service coverage ratio. A NOI/ground rent ratio of 3.0x or greater is an industry standard. It is a guide, but this ratio or a multiple does not carry the reliability and weight of the DSCR, which provides a direct indicator of the cash flow's ability to cover debt service. As this ratio goes down, it means there is less cash flow to pay the debt and a higher probability of default on the debt.

c) Mr. Mizukovski states that an appropriate DSCR is 3.0x or greater. With his calculated rent of $11,125,000, the DSCR for the Hudson Project would be 1.35x based on annual pre-debt service NOI of $15 million, which is unacceptable and results in a property that, after debt service, has negative cash flow.

34. Mizukovski Rebuttal ¶ 36. Stabilized NOI before ground rent is discussed.

a) There is no reference in this paragraph as to when stabilization will occur. There are no footnotes as to which reports are referenced. I do not see the 2025 National Valuation Consultants appraisal in our files. I do see a 2025 Colliers Appraisal report reflecting a stabilized NOI (2029) of $9,313,254, after $6,400,000 in ground rent is paid.

35. Mizukovski Rebuttal ¶ 37. This paragraph states: *Such midpoint happens to be reflected in the pro-forma presented by Tenant to Landlord dated August 2024, which projects a*

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stabilized NOI of approximately $23.3M for a mixed-use development comprising 61 hotel rooms, 140 affordable residential units and 242 market-rate residential units. At the contract annual ground rent of $8,750,000, the coverage ratio of stabilized NOI before ground rent to ground rent is approximately 2.66x.

a) First, this referenced report is vaguely defined. It is not available for our review. Secondly, the stabilization period is not defined. Stabilization might be the year of the report, 2024, or a future date. Timing matters because a future date would need to be discounted back to the bankruptcy time period. Third, Mr. Mizukovski uses this August 2024 pro forma with no opinion on the feasibility of a mixed-use hospitality/residential development. Fourth, the "coverage ratio" of 2.66x is only a measure of the cash flow covering the actual ground rent. Mr. Mizukovski's own measure of the ground rent ($11,250,00) would produce a coverage ratio of 2.07x, which is well below the 3.0x Mr. Mizukovski reported to be optimal. There is also no discussion of the referenced cash flow to carry any debt service.

36. Mizukovski Rebuttal ¶ 38. *I have personally structured ground leases with similar or lower stabilized coverage ratios that have proven successful. One such lease is at 295 Fifth Avenue in Manhattan, where the pro-forma stabilized coverage ratio at origination, and again recently, was roughly 2.4x. Another such lease is at 114 Fifth Avenue in Manhattan.*

a) Mr. Mizukovski is familiar with these deals and should present the terms. The presentation of specific deals he has worked on with the isolation of one measure without providing context to the entire deal comes across as deceptive and disingenuous.

37. Mizukovski Rebuttal ¶ 41. *Ground rent is not, and has never been, a function of what a leasehold lender is willing to permit. It is a function of what an investor in the leased fee interest requires by way of current yield on that investment in the current investment environment.*

a) This statement reads if the leased fee interest does not get what it "requires," there will be no development deal. When this happens the leased fee interest must either be willing to sit on the land with no return or work with the other parties in the development to find common ground, returns, and incentives that work for all parties involved. This is what Safehold means when they describe working with the entire

real estate ecosystem. The terms of a purchase or development deal must work for all parties involved or it does not work for anyone. Any "required" return or yield is like everything else, subject to negotiation.

6.0 Summary Opinions

38. Based on the analyses contained herein, my opinions of the Mizukovski Rebuttal are that:

- Mr. Mizukovski presents a view of the development world in which only one thing matters, the returns required by the leased fee interest. In his opinion, the receipt of this return to the leased fee interest trumps all other terms of a development deal. Based on his experience with ground lease deals, I would expect that this is not his true and actual experience.
- Mr. Mizukovski relies on references to Safehold throughout his report. He does not recognize that Safehold has a completely different approach to ground leases than he does. "Safehold sets its own institutional convention based on combined property metrics, capital stack optimization, and absolute predictability." This cooperation among vested parties is how I estimated the rent in my analysis.
- Mr. Mizukovski uses the term "hypothetical" throughout his report to distinguish my analysis from his. In reality, both analyses rely on third-party reports, assumptions, and estimates to reach conclusions. In an incomplete real estate redevelopment, numerous variables require estimates based on research, analysis, and experience.

39. Based on my review of the Mizukovski Rebuttal, this report is heavily biased toward the leased fee interest, putting the supposed returns of the leased fee interest in a bubble. There is no consideration for the other parties to the redevelopment who ultimately drive the success of a project.

40. Accordingly, my opinion of the excess rent remain unchanged. From November 2025 through May 2026 (the first seven months of the Debtors' bankruptcy case), the Debtors paid **$3,682,260** in excess of market rent.

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Respectfully submitted,



Greg Eidson, MAI, CCIM
Managing Director
GlassRatner Advisory & Capital Group, LLC

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Appendix 1
Greg Eidson CV

GREG EIDSON MAI,CCIM

geidson@glassratner.com
(470) 346-6825

In the late 1990s prior to the formation of his own firm, Greg worked for The Highland Group Hotel Investment Advisors. This boutique style consulting firm is a specialist in the market analysis of hospitality properties. Greg prepared valuation reports for full-service, limited-service and extended-stay properties. These reports were used for the purpose of development decisions, purchase decisions, feasibility and financing. Geographically, these hotel projects were typically located in the Midwest, East Coast and the Southern states. My tenure with The Highland Group was an excellent education in the analysis of hotel feasibility. The most valuable takeaway from this experience was gaining a greater depth of understanding in the development of demand studies.

In the late 1980s to the 1990s, Greg worked in the Real Estate Advisory Group of American Appraisal Associates. Greg started with American Appraisal Associates as a junior level appraiser and was the Manager of the Atlanta office of the Real Estate Advisory Group when in departed the company in the mid-1990s. During his tenure with the company Greg prepared and managed appraisal assignments for pension funds, insurance companies, portfolio managers, lenders, attorneys and Fortune 500 companies. These valuation assignments were used for purchase price allocation, investment portfolio analysis, mortgage loans, property tax appeals, and cost segregation studies. Greg was recognized by the company for his ability to address client needs in a timely and professional manner. The experience with American Appraisal was invaluable to my education in managing people and projects and learning to balance the expectations of our clients with the human and technological resources. Geographically, Greg travelled throughout the United States and Caribbean and personally handled residential subdivision developments in Southern California; mixed-use high rise buildings in downtown San Francisco; high rise office buildings in Dallas, Denver, Chicago, and Boston; regional malls in Texas; movie theaters in New York; shipping facilities in Houston; industrial manufacturing and distribution buildings in states from California to Connecticut to Georgia; multi-family apartment developments in North Carolina to Florida and hotels in California and the Caribbean.

Greg has completed two of the Appraisal Institute's Professional Development Programs and appears in the Institute's Registry for:

- Litigation Appraising: Specialized Topics and Applications
- Valuation of Conservation Easements

Greg maintains a General Certified Real Property Appraisal License in Alabama, Georgia and Florida. He can obtain temporary licensing permits in other states on a case by case basis. Greg is also a Realtor with a broker's license in Alabama and a salesperson's license in Georgia.

Greg's formal education consists of a Bachelor of Science in Finance from Auburn University, the MAI Designation from the Appraisal Institute and the CCIM (Certified Commercial Investment Member) Designation from the CCIM Institute. The MAI Designation is an appraisal designation presented to those that complete the required experience, extensive coursework in specific valuation related material and pass a comprehensive exam. The CCIM Designation is awarded to those who through coursework, experience and a comprehensive exam are recognized expert in the commercial and investment real estate industry. The designation process ensures that CCIMs are proficient not only in theory, but also in practice.

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GREG EIDSON

MANAGING DIRECTOR

MAI, CCIM
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Prominent Matters

- Damages/Expert Witness to Valuation - Dolly Ridge Point Owners Association, Inc., et al v. Turner & Schoel, LLC, et al.
- Valuation/Expert Witness - Joon, LLC. D/B/A Ajin USA v. Albert Kahn Associates, Inc./ International Industrial Contracting Corp./Qualico Steel Company, Inc.
- OSI, Inc. v United States, et al. Case No. 98-00920-CV-2-MEF-WC.
- Stallings & Sons, Inc. v Tulane Revitalization 1, LP, et al. Case No. 2:19-CV-392-WKW.
- Charlotte Student Housing, DST, et al v Choate Construction Company. Mediation.
- Fredmark, LLC. V. Zax, LLC. Civil Action No. 1:20-cv-1848-TCB.
- Valuation/Expert Witness - State of Alabama v. Harry Joseph Painter et al.

Specialties:

Borrower & Lender Advisory
Cash Flow Projections
Construction Litigation
Due Diligence
Expert Witness
Feasibility Studies
Litigation Support
Market Analysis
Purchase Price Allocation
Real Estate Appraisal
Real Estate Brokerage
Valuation

Industries:

Real Estate

Mr. Eidson is a veteran of the valuation industry with more than 30 years of experience in the real property valuation, brokerage, and consulting industry. Mr. Eidson has particular appraisal experience with industrial real estate that includes heavy and light manufacturing, warehousing, distribution, and special purpose such as meat processing plants, timber processing, automotive and steel manufacturing. More general appraisal experience includes free standing and multi-tenant retail, extended-stay hotels, limited service and full service hotels, office buildings, industrial properties, special purpose properties, multi-family and self-storage facilities, residential subdivisions, conservation easements, mitigation banks, recreational and timber land, right-of-way for public and private utilities and state and local transportation clients.

Greg's valuation opinions have been used in the context of mortgage lending, right-of-way acquisition, bankruptcy court, buy/sell decisions, purchase price allocation, loan monitoring, forced disposition, portfolio performance monitoring and litigation support.
Prior to merging his firm into GlassRatner in late 2018, Greg ran The Eidson Company and focused his practice on conservation easements, mitigation banks, mortgage loans, right of way, and litigation support. During the 18 years that Greg ran his own firm some of his assignments included;

- Residual insurance valuation for a British insurance company who insured the difference between market and contract rents on properties such as Walgreens and CVS Pharmacy occupied properties.
- Right of way valuation for the Alabama Department of Transportation, Georgia Department of Transportation, municipal utilities, the National Park Service, and the Sabal Trail Pipeline.
- Litigation support weighted toward deposition and testimony with the Department of Transportation and also includes support for lawsuits that involved property damaged by flooding (land, residential and multifamily projects), contamination (medical waste, dry cleaning solvents), and construction defects (residential construction, office building damage, hotel water leaks, multi-family construction, industrial manufacturing construction). Greg has testified to property taxation issues and conservation easements in Federal Tax Court.
- Preparation of appraisals for bankruptcy and foreclosure proceedings, and,
- Preparation of appraisals for Mortgage loans encompasses subdivision developments, hotels, mixed use developments, retail, industrial, office, special purpose, and timber land.

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Testimony Experience

NANCY B. PARKER & ELLIS J. PARKER, Plaintiff,
vs.
U.S. TRUST COMPANY, N.A. & BANK OF AMERICA, N.A. Defendant
Plaintiff Firm – HENRICHSEN LAW GROUP, PLLC
Defendant Firm - McGuireWoods LLP.
Deposition: January 15, 2026
Comments: Opinions of 3rd Party Appraisal in metro Washington, D.C.

Peachtree Associates, LLLP and GPH Aspire, LLC, v. MCG Charleston Apartments, LLC, ...
Plaintiff Firm – MORRIS MANNING & MARTIN, LLP
Defendant Firm - URICCHIO, HOWE, KRELL, JACOBSON, TOPOREK, & KEITH, P.A.
Deposition: August 7, 2025
Comments: Dispute over undisclosed assets in purchase of muti-family property

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Lora Drycksback v McBride's RV Storage LLC, McBride's RV and Boat Storage LLC, Andrew McBride, Benjamin McBride, Charles McBridge and Does
Defendant Firm: Freeman, Freeman & Smiley, LLP
Plaintiff Firm – McCune Law Group
Deposition: October 19, 2023
Comments: Review of 3rd Party Appraisal

Waler F. Scott III (Agent for Taxpayer) v Alabama Department of Revenue
Defendant Firm: Adams and Reese, LLP
Plaintiff Firm – Galloway Scott & Hancock, LLC
Deposition: August 30, 2023
Comments: Property Tax Matter in Mobile County, AL

Lake Jordan Holdings, LLC v Commissioner of Internal Revenue
Defendant Firm: Chamberlain, Hrdlicka, White, Williams & Aughtry
Plaintiff Firm – U.S. Justice Department
Trial: July 24, 2023
Comments: Valuation of Easement Donation

Seabrook Property, LLC v Commissioner of Internal Revenue
Defendant Firm: Dentons-Sirote
Plaintiff Firm – U.S. Justice Department
Trial: June 26, 2023
Comments: Valuation of Easement Donation

Outokumpu Stainless USA, LLC v Mobile County Board of Equalization ET
Defendant Firm: Adams & Reese Law, LLC
Plaintiff Firm – Burr & Forman, LLP
Trial: February 22, 2023
Comments: Property tax matter.

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Lekker, LLC v Capital City Real Estate, LLC, Capital City Construction, LLC and Airline Street, LLC
Defendant Firm: Swift, Currie, McGhee & Hiers, LLP and Knight Palmer Law
Plaintiff Firm – Wolfe Law, LLC
Deposition: March 15, 2023
Deposed by Monica L. Wingler w/Swift, Currie, McGhee & Hiers, LLP
Comments: The matter involved alleged damage caused by construction on adjoining property.

Victory Entertainment: Ehrenberg vs. Hala enterprises, LLC and Agassi Halajyan
Defendant Firm: Law Offices of Leland Wahl, Oberg Law Group
Plaintiff Firm – Law Offices of Paul A Beck
Deposition: November 14, 2022
Deposed by Leland Wahl, of Law Office of Leland Wahl
Comments: The matter involved market rent of a retail building in North Hollywood, CA

Charlotte Student Housing, DST, et al, v Choate Construction Company.
Defendant Firm: Kilpatrick Townsend & Stockton, LLP
Plaintiff Firm - Katten Muchin Roseman, LLP
Deposition: January 13, 2021
Deposed by Yonaton M. Rosenzweig with Katten Muchin Roseman, LLP
Comments: This matter was decided in arbitration. The defendant was successful. The matter involved alleged fraud and construction defects.

Fredmark, LLC v. Zax, LLC (Civil Action File No. 1:20-cv-1848-TCB).
Defendant Firm: Fortson, Bentley and Griffin, P.A.
Plaintiff Firm – Balch & Bingham, LLP
Expert Report: September 2020
Comments: Prepared an expert report testifying to damages incurred by Fredmark, LLC as a result of Zax, LLC vacating a fast-food property and refusing to pay rent and expenses. The Plaintiff was successful, they were awarded lost rent and expenses.

Chapter 11 Bankruptcy of West Pace, LLC
United States Bankruptcy Court Middle District of Alabama
John D. Elrod, Attorney for U.S. Bank, Bankruptcy Administrator U.S. Bank, N.A.
Greenberg Traurig, LLP, Atlanta, GA
Comments: Appraisal of real property and rebuttal of debtor appraisal.
Upon review of the testimony and evidence presented at trial, the Court concludes that the testimony and appraisal provided by Mr. Eidson offer the most thorough and accurate assessment as to the value of the Property.

Anthony A. Cecchini and Betty Cecchini v Boran Craig Barber Engel Construction Co., Inc. et al
Civil Action No. CV-14-901295
Defendant Firm: Kilpatrick Townsend & Stockton, LLP
Plaintiff Firm: Capell & Howard, LP
Deposition: March 2016
Comments: The matter involved alleged construction defects. Settled favorable to Plaintiff.

Callaway et al v. Garner et al.
Plaintiff Firm – Ken Hodges Law
Defendant Firm- Mateer & Harbert, P.C./ Chad K. Alvaro
Deposition: None
Circuit Court of Harris County, Georgia.
February 2017.
Comments: Property valuation

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Billy Dozier v. APAC MID-SOUTH, INC. and OLDCASTLE MATERIALS SOUTHEAST, INC.
Plaintiff Firm - Fuller & Copeland, Montgomery, AL/ James Doyle Fuller
Deposition: December 15, 2014
Deposed by Blake L. Oliver of Adams, White, Oliver, Short & Forbus, LLP, Opelika, AL
Circuit Court of Lee County, Alabama. Jury found in favor of Mr. Dozier
Comments: Mr. Fuller represents the plaintiff, Mr. Dozier. Mr. Dozier's property was flooded by water coming from a mining operation.

Dolly Ridge Point Owners Association, Inc., et al v. Turner & Schoel, LLC, et al.
CV-2008-902750
Plaintiff Firm – Arthur Edge, III
Defendant Firm - Simpson, McMahan, Glick & Burford, PLLC/Smith, Spires & Peddy, P.C./Wallace, Jordan, Ratliff & Brandt, LLC/Wilson Berryhill, P.C.
Deposition: May 2014
Deposed by Arthur Edge, III
Case Settled
Comments: Ann McMahan with Simpson, McMahan, Glick & Burford was my primary contact. This case involved 80 homes in Birmingham, AL that allegedly suffered from construction defects due to poor soil compaction.

JOON, LLC. D/B/A AJIN USA v. ALBERT KAHN ASSOCIATES, INC./INTERNATIONAL INDUSTRIAL CONTRACTING CORP./QUALICO STEEL COMPANY, INC.
CV-2009-90019, Circuit Court Chambers County, Alabama
Construction Defects
Plaintiff Firm – J. Lister Hubbard, Capell & Howard, P.C.
Defendant Firm –Jefferson C. Orr, Smith Cashion & Orr, P.C./Robert W. Heath, Porterfield Harper Mills Motlow & Ireland/John A. Ruemenapp, Weisman Young & Reumenapp, P.C./William L. Smith, Law Offices of William L. Smith/Robert B. Stewart, Smith Spires & Peddy/Daniel F. Johnson, Lewis Brackin Flowers & Johnson/R. Mac Freeman Jr., Rushton Stakely/Jack P. Russell, Spain & Gillon, LLC/Howard K. Glick/ Simpson McMahan Glick & Burford/Heather M. Houston, Carr Allison
Deposition: August 2014
Trial: 2016
Comments: Prepared appraisal report outlining the construction defects on a 1st tier automotive supplier building.

George Earl Russell, et al vs. Russel Oil Company & Thomas E. Russell et al.
Civil Action No. CV-2003-3227
Defendant Firm: NA
Plaintiff Firm – Holtsford Gilliland Higgins & Hitson

Comments: The matter involved the value of Russell Oil Co. assets.

Charles Atkins, et al, v Breckenridge Homeowners Association, Inc./Goodwyn, Mills & Cawood, et al.
Civil Action No. 2009-901479; Circuit Court, Montgomery
Plaintiff Firm - F. Inge Johnstone/ Webster, Henry, Lyons, White, Bradwell & Black, P.C./ Kirby Johnson, P.C
Defendant Firm – Capell & Howard, P.C./Ball, Ball, Matthews & Novak, P.A./Jason C. Paulk/Wallace Mills/Scott, Sullivan, Streetman & Fox, P.C./Lloyd, Gray & Whitehead
Deposed: Yes
Settled out of court
Comments: Prepared appraisal report regarding change in property value from the time of the alleged damage until the day of court. Primary contact was with Lister Hubbard and Brooke Lawson with Capell & Howard. Prepared a review of the opposition's expert report.

Dixie Sailing Club v Russell Lands
Ground Lease Cancellation
Plaintiff Firm – Robert Drummond, Jr.
Deposed: No
Testified in Circuit Court of Elmore County

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Appendix 2
Documents Considered

	Description
Reports	
1.	Expert Rebuttal Report of Danile Mizukovksi, August 14, 2026
2.	Colliers Appraisal 2025
Agreements & Other Hudson Documents	
3.	Purchase and Sale Agreement dated February 3, 2022
4.	Closing Agreement dated May 3, 2022
5.	Settlement Statement dated May 4, 2022
6.	Ground Lease dated May 4, 2022
7.	Project Loan Agreement dated May 4, 2022
8.	Leasehold Financing Agreement dated May 4, 2022
9.	Fourth Amendment to Ground Lease dated March 29, 2024
Financial Statements, Appraisals and Other Related Information	
10.	Hudson Appraisal dated March 25, 2022 (2022-03-25 Appraisal (Parkview, BBG).pdf)
11.	Hudson Appraisal dated May 2, 2022 (Hudson Hotel Conversion - 5-2-22.pdf)
12.	Hudson Appraisal dated May 23, 2024 (2024-05-23 Appraisal (Parkview, BBG).pdf)
13.	Hudson Appraisal dated March 22, 2025 (2025-03-22 Appraisal (Parkview, Colliers).pdf)
Research	
14.	Safehold, Investor Presentation, July 2026
15.	Haven Ground Lease Program
16.	Ground Leases and Leasehold Interests in CMBS, Morningstar, February 10, 2021
17.	Ground Lease Underwriting: How Leasehold FinancingComplicates Your Cap Rate, LTV, and Exit Assumptions, RealValue, May 29, 2026
18.	Ground Lease Underwriting: Leasehold vs FeeSimple Valuation, Apers, April 2026
19.	The Most Important Issue in Every Ground Lease, NYSBA N.Y. Real Poreprty Law Journal, Winter 2014, Vol. 42, No.1, Joshua Stein
20.	Ground Leases and Value-Based Rent Resets: An Alternate Reality, Mary E. Flynn & Bret Dockwell, November 12, 2013 edition of the New York Law Journal
21.	The Problem of Ground Leases, The Appraisal Journal • Issue 4 | 2023, by Jerome D. Whalen, JD,
22.	How Safehold's Ground Lease is Unlocking Umtifamily Development, Commercial Observer, June 15, 2026
23.	United States Multifamily Capital Markets Report, Newmark, 4Q22
24.	United States Multifamily Capital Markets Report, Newmark, 1Q25
25.	CoStar Midtown West Multi Family DataTable.xls
26.	Why the modern Ground lease has become an affordable housing gap filler, Insight, May 20, 2026
27.	Ground Lease 101; What Developers Need to Know, Affordable Housing Finance, Donna Kimura, Jan. 12, 2026

EXHIBIT D

IN THE UNITED STATES BANKRUPTCY COURT

FOR THE DISTRICT OF DELAWARE

CASE NUMBER

25-11853 (KBO)

In Re:

Hudson 1701/1706, LLC, et al.,

Debtors.

VIRTUAL DEPOSITION OF GREG EIDSON

SEPTEMBER 1, 2026

12:14 P.M.

The deposition of GREG EIDSON was taken virtually before Jessica Pitts, CCR, on September 1, 2026, by Kirk L. Brett, commencing at approximately 12:14 P.M., whereupon all parties appeared virtually, pursuant to the stipulations set forth herein.

Q. Okay. So -- and stabilized assumes that the -- that the project, whatever construction work was -- is underway, has been completed and is over, correct?

A. That is correct, yes.

Q. Okay. So the fact that the property is currently under construction did not factor into your analysis here, correct?

A. That is correct.

MS. SU: Objection.

Q. Okay. And what did you mean by "financeable"?

A. Well, I meant that there -- there has to be -- in short, a lender -- the structure would be such that a lender would be interested in financing this project, and that would be the long-term financing on the project as opposed to the construction loan on the project.

Q. So -- so if I understand you, the assumption -- excuse me -- the assumption here is that there is a loan on the property and -- and that that is -- that's sort of the

predicate of the opinion, correct?

A. That's correct.

Q. Okay. So is that the same thing in your mind as analyzing what the market rate of rent is for the property?

MS. SU: Objection.

A. Well, that's part of the -- that would be part of the equation to arrive at what a market rent would be on the building --

Q. How so?

A. -- or the property I should say.

Q. How so?

A. Well, there's -- within the context of the stable property, there's income, there's expenses, and then there's the debt on the property. And for -- for the property to function economically with a loan on it, these factors have to work in harmony with each other or the deal doesn't work. You know, for example, if there's not enough cash flow to pay the debt, well, the debt doesn't work.

So in my analysis, I took the debt into consideration and the cash flow that was

projected into consideration and developed a ground rent that would work within those parameters.

Q. Okay. So -- and I recall that you said in your second report -- and I don't know how you phrased it -- how you refer to your second report. You said, "Reverse engineering is a fair term for what I did."

That -- does that describe -- is that consistent with what you just described, that you took the debt and looked at the expenses and then came up with the rent?

A. That's a fair assessment, yes.

Q. Okay. How would you determine rent if there were no debt on the property?

A. Well, if there were no debt on the property, it would be analyzed in a little bit different way. Now we don't have a lender involved that needs a return on the property, but we do have an owner-operator of the -- the property itself, and their equity would need a return. So the ground less -- the ground owner needs a return, the equity owner needs a

return.

Q. Okay. And what kind of return does the ground owner need?

A. Well, I don't think that's a specific number.

Q. Okay. Is there a range?

A. I'm going to say no, there's a -- there's a -- you know, and the reason I'm saying no is the -- the time period matters.

Q. What -- what time period do you mean?

A. Well, I mean at what point in time -- there's different rates of return in the marketplace. You know, we went through a period of relatively low interest rates in the early '21, '20 -- 2021 period and then things climbed quite a bit. So expectations changed. It had impact on everything, property values to the terms that were put in place.

So I think in the bigger picture, the rates of return, I'm not comfortable just putting a number on it without knowing how it affects the entire project.

Q. Okay. So -- but you're -- but if I

interest would seek entering into a transaction in 2022?

A. As measured against 2026, the -- everything was lower in '22 than it was in '26.

Q. Right. I -- I -- yeah, I -- I understand.

But do you -- do you have a view as to what kind of a rate or yield they would be seeking?

A. I didn't specifically look at that, no.

Q. Okay. Okay. Same question but for 2024. Do you have a view as to what kind of a return an investor in a leased fee interest would seek entering into a transaction in 2024?

A. No, I don't.

Q. Okay. Couldn't help but to ask for the sake of completeness.

A. Yes, sir, I understand.

Q. Okay. Okay. So there's a paragraph in your initial report. It's in 1.2 paragraph eight, and it's one, two, three -- I think it's the fourth bullet point.

MS. SU: I'm not seeing it on the screen, Mr. Brett. Do you want put it up for the witness so that he can see?

MR. BRETT: No, that's okay.

Q. You wrote, "A ground rent that is too low may fail to provide the landowner with an adequate return."

Do you remember that -- do you remember writing that?

A. I have a copy of it here. Can I reference that?

Q. Sure, of course. It's -- it's on page three. It's the top bullet point. And the full sentence actually continues. It says, "While a ground rent that is too high may reduce project cash flow to a level that prevents the achievement of required debt -- debt coverage ratios and other underwriting metrics."

A. Yes, I recall that.

Q. Okay. So do you have a view as to what an inadequate return would be for a landowner?

A. No, I do not.

Q. Okay. And let me just -- for the sake of completeness, would your answer be the same if I said entering into a transaction in 2026, do you have a view as to what an inadequate return would be to provide for a landowner?

A. Same answer, I do not.

Q. Okay. So if a -- if -- if a tenant were to say to the landowner, I will only pay you rent that will give you an amount that you view -- you, landowner, view as inadequate, the -- the transaction wouldn't occur, correct?

MS. SU: Objection.

A. Most likely, yes, you're correct.

Q. Right. Okay. In other words, if a landowner were considering entering into a ground lease and the tenant were only willing to pay an amount that would provide an inadequate return, the likely result would be that the landowner would just simply not enter into the transaction with that tenant?

MS. SU: Objection.

Q. Does that sound right?
A. That is the likely scenario, yes.
Q. But you don't know what that range would be, what would be inadequate in terms of a rate of return for the landowner?
A. No, I do not.
MS. SU: Objection.
Q. Okay. Okay. Now let's get to the -- let's -- let's now layer in debt into the equation. In the initial report on page 11 in paragraph 32, you wrote in the middle -- and I'll let you turn to it. And I understand you are looking at that -- by the way, what -- do you have other paper in front of you besides the report?
A. No. I have -- I have a sheet of blank notepaper over here, and then I have the report sitting here.
Q. Okay. And you probably -- you probably also have your reply report, right?
A. Yes.
Q. Okay. But a sheet of blank paper and the two reports, and that's it?

A. That's correct.

Q. Okay. Good. That's fine. That's one of those questions we have to ask when we're doing remote depositions, so thank you for that.

You wrote in the middle of that paragraph 32, "Because lenders underwrite the ground rent as a fixed obligation that ranks ahead of equity distributions, comma, an excessive ground lease burden can materially reduce net operating income available for debt service, construct -- constrain loan proceeds, and increase refinancing risk."

Okay. Do you remember writing that?

A. Okay. Yes.

Q. Yeah. Okay. So can you explain what that -- what that means?

A. Well, that just means if the -- basically, if the expenses are too high, there's not enough revenue to make a lender comfortable with covering the debt service.

Q. Okay. So from the lender's perspective, the rent has to -- has to get paid

first, correct?

A. You mean the ground rent has to be paid in the context to the other expenses?

Q. Correct.

A. Yes.

Q. Okay. Okay. And then just a couple of other clarifications on your report, if I can. I'm sorry to do this, but can we skip back to -- paragraph 25 is -- I know I got ahead a little bit. Paragraph 25, the last sentence reads, "Consequently, market standard financeable ground leases generally contain provisions that allocate risks and rights in a manner that preserves the economic expectations of all three stakeholders while providing sufficient certainty and security to support long-term investment and mortgage financing."

Okay. Did you review the ground lease in this case?

A. I did read the ground lease, yes.

Q. Okay. Did it contain provisions that would protect a leasehold lender?

A. I don't specifically recall.

Q. Okay. Okay. Now, the -- in your conclusion -- and I'm all the way at the back now on paragraph 37. You wrote, "Market rent equals 2,437,555." Do you see that?

A. I did, yes.

Q. Okay. And you called that "market rent." Why did you call that market rent?

A. I called that market rent because under the -- in the -- in the bigger picture of the whole property, that's the rent that works to support the other parts of the property. It -- it doesn't overly burden the property. There's -- the lender has the debt coverage ratio that they would typically need.

Q. Okay. But you wrote in paragraph three, and we talked about this already, that you were asked to determine a finance -- a financeable, stabilized ground rent for the completed project. But later, you didn't write that the financeable, stabilized ground rent for the completed project would be 2,437,555. Instead, you wrote market rent, and so I'm trying to understand.

Did you mean in market rent really what you were asked to provide, which was the financeable, stabilized ground rent for the completed project?

A. Yes. I am looking at -- at the two as being the same thing. I think this is the market rent that works under these circumstances.

Q. Okay. And what are the circumstances that you refer to when you say it's the "rent that works under these circumstances"?

A. I'm referring to the -- the stabilized income and expenses and debt service of the property.

Q. Okay. And -- okay. And that's based upon some of the assumptions and numbers that are in the rest of the report, which I know we're -- we're going to go through but I just want to make sure I -- I understand.

That's the amount based upon these assumptions and the amounts you've put in the report, that's the amount that works?

A. That's correct.

put together a projection. The business plan is no longer possible and yet you used the projection. So it seems like you used a projection that is totally irrelevant, but -- but you used it, and so I -- I -- I want to understand why you used it in the context of a business plan that could no longer be achievable.

MS. SU: Objection.

A. Well, it was -- that was an assumption along with the assumption that it's actually complete now and it's not. So I -- you know, we had a number of different assumptions we had to make to fit into this time frame that we're working with. And I agree with you that there were changes that most likely would have had a -- a negative effect on the property's cash flow going forward because they were -- there was a reduction in the amount of rent that could be collected on some of the units.

But to pick a point in time, I felt like the BBG report, it made a lot of sense.

And if I had gone with one of the more current reports, it was just -- it was -- of course I could have done then, but then there would have been another level of assumptions that I would have to make to get the property ramped up -- you know, get the construction completed, get it ramped up, and then discount that number back to the period that we're talking about.

Q. Okay. Okay. In the -- the second report -- I want to talk to you a little bit about the second report if we can.

A. Okay.

Q. Okay. So you spent some time talking about I think what you call the ecosystem, right?

A. Yes, I do.

Q. And that's a term that I think -- did you create that term?

A. No, I did not. I -- I -- I adopted that term. I -- I felt like it was a -- a very descriptive term of all of the parties working together to make a deal work.

Q. Okay. So what does that mean when

you say the ecosystem is all the parties working together to make a deal work? Can you --

A. Well, I mean the -- the owner of the land, the owner of the building, the construction loan, the lenders. All of these parties would work together to figure out what works for the -- I mean, if the deal is going to work, they're all going to have to work together. And if they don't work together, if one of them demands something the other ones can't do, then it just doesn't happen.

Q. Okay. So -- so for the ecosystem to work, all three parties have to be -- or the interests of all three parties have to be considered, correct?

A. Correct.

Q. And that the ultimate deal has to work for all three parties, correct?

A. Yes.

Q. And by "all three parties," we mean the ground lessor, the ground tenant, and the leasehold lender, right?

A. That's correct.

Q. Okay. So what confuses me about that is that in your initial report, and we talked about this, you looked at the debt amount and you looked at the projection amount, the projections from 2022, but then you said that the ground lessor interest didn't matter.

So how -- how were you using -- or did you use a -- an ecosystem analysis when you performed the -- when you -- of the analysis you did in your initial report?

MS. SU: Objection.

A. Well, I didn't -- I didn't mean to say they don't matter. I just meant to say that they're all part of the same puzzle, and just because one party -- and it doesn't matter if it's the -- the debtor or the ground lessor or maybe the -- the owner of the building and an equity requirement they want, it's -- you know, it's not necessarily what you want, it's what you can get based on all of these properties working together -- I mean, not properties -- but all the interests working

together.

Q. Okay. So but -- but there you kept the $207 million constant and you lowered the rent based upon what the property could have -- could afford if it's affording debt service on a $207 million loan. And you also said that if you -- all things being equal, if you reduce the debt, then the rent goes up.

But how does that -- why doesn't the debt amount go down? Why is your analysis not something along the lines of, well, if you keep the investment amount and the rent constant, then the debt amount should go down, the amount that the ground tenant can borrow should be reduced?

MS. SU: Objection.

A. That could happen, yes. That is -- that's a scenario that could happen.

Q. But that's not what you were asked to review, correct -- or analyze, rather, correct?

A. That's correct. I -- I was working with the debt amount that -- that I was aware of.

Q. Okay. But you were also aware of the investment by the ground lessor, correct?

A. That's correct.

Q. Okay. All right. Mr. Eidson, this is probably a good time to break if --

A. Okay.

Q. -- if you're ready for one?

A. Sure, yes.

Q. Okay. All right. We'll -- so let's take us off the record, please.

THE VIDEOGRAPHER: We are going off the record. The time is 1:24 Central Time.

(Break.)

THE VIDEOGRAPHER: We are now on the record. The time is 1:34 p.m. Central.

Q. (By Mr. Brett:) Okay. Mr. Eidson, back on the record. You understand you are still under oath, right?

A. Yes, yes.

Q. Okay. Okay. I just want to turn to -- your initial report indicated that the

rent -- well, you called it the market value of rent but we -- we -- we talked about what -- what that might mean.

But you -- you said it should be 2,437,555, right?

A. That's correct, I did.

Q. And you stood by that number in the second report, correct?

A. In the second report, I -- I believe that number changed just slightly.

Q. Okay.

A. Ever so slightly.

Q. Let's see. Paragraph 40 of your second report, the last paragraph reads, "Accordingly, my opinion of the excess rent remain unchanged."

I don't think you -- well, let me know. Did -- did your -- so your initial report -- okay.

Your initial report said you used the market rate -- market rent as you determined it as to be 2,437,555, and then using that figure, you calculated the excess rent. That's --

that's what you determined -- what you indicated was the amount from November through May to be in excess of market, right?

A. You're correct.

Q. And so -- and then in the second report, you said your view of that amount remains unchanged. So does -- does that -- so I -- I guess I took it to mean that you were also standing by the amount that you determined to be market rent -- rent in paragraph 37 of your initial report to be 2,437,555.

So it -- I guess I'm asking you, is that still your view?

A. That's -- that's correct, you are correct.

Q. Okay. Okay. So have you calculated what return that amount of rent would provide to the ground lessor in this matter?

A. I have not, I don't think so, no.

Q. Okay. So the ground lessor initial investment was $178 million. And you indicated -- well, let me pause there.

You're aware of that, right? I think

EXHIBIT E

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

- x

In re:

HUDSON 1701/1706, LLC, et al.,

Debtors.

- x

HUDSON 1701/1706, LLC, a Delaware limited liability company, and HUDSON 1702, LLC, a Delaware limited liability company,

Plaintiffs,

Chapter 11
Case Nos. 25-11853 (KBO)

-against-

356W58 GROUND LESSOR, LLC, a Delaware limited liability company,

Defendant.

- x

Videotaped Deposition of DANIEL MIZUKOVSKI, taken pursuant to notice, was held at the law offices of Boies Schiller Flexner LLP, 55 Hudson Yards, New York, New York, commencing September 2, 2026 at 1:10 p.m., on the above date, before Leslie Fagin, a Court Reporter and Notary Public in the State of New York.

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MAGNA LEGAL SERVICES

A. I don't understand that question.

Q. What does your client own, do you know?

A. My client owns several condominium interests.

Q. Correct. Three condominiums in a condominium building, right?

A. Yes.

Q. So the underlying land upon which the condominium sits, your client does not own, right?

MR. O'CONNOR: Objection to form.

A. A condominium owns its own undivided interest in land, so my client would own the land associated with those condominium interests.

Q. But your client doesn't own all of the condos?

A. Right.

Q. So how could it own the land?

A. It's an interest in the land. The condominium has an interest in the land.

Q. But the condominium association owns that land, not your client?

D. Mizukovski

MR. O'CONNOR: Objection to form.

A. Okay.

Q. The other thing too about this property is you can't tear the building down, right?

A. You would know better than I.

Q. The SRO tenants make that impossible.

A. Okay.

Q. So just like me with my brownstone, you are stuck with this building, correct?

A. Okay.

Q. Have you visited the site?

A. I haven't been inside.

Q. But you've seen it from the outside?

A. Yes, I was inside when it was the Hudson Hotel.

Q. As was I. Those were the days.

It was quite the establishment, some 25 years ago maybe.

A. Right.

Q. I want to turn to page 9 of your report.

D. Mizukovski

A. Okay.

Q. And I'm looking at paragraph 23. The assumptions underlying Mr. Eidson's hypothetical loan are, themselves, problematic, independent of the flawed methodology they support.

In paragraph 21 of the report, Mr. Eidson explains that it is an analysis that uses the $207 million Parkview loan amount, the original 2022 construction finance to calculate annual debt service, which annual service itself is based on purportedly market terms as of 2024. This is inconsistent with what should be the purpose of the Eidson report which is determine appropriate ground rent as of today, a metric that is not impacted, nor reflective of the level of leasehold financing, real or hypothetical.

Did I read that right?

A. Yes.

Q. How is it possible to look at this project, the Hudson project, without taking into consideration the construction loan?

A. The issue with this analysis and in

D. Mizukovski

language that you read is that Mr. Eidson starts with the loan to determine the ground rent.

Q. Okay. But let's say he didn't start with it, at some point, it should be considered, correct?

A. Correct.

Q. Where do you consider it?

A. I consider it in the overall economics of the project of the situation.

Q. If I interpret your report correctly, you, you look at the original investment by the ground lessor, 178 million, you talk about return which is as often is the case, the risk-free rate plus some multiplier, some additional group of BPs, basis points, and then towards the end of your report, you look at potential NOI from the stabilized project and you say there is enough NOI to cover this, so there it is.

I don't see the Parkview loan ever coming into consideration during your analysis.

MR. O'CONNOR: Objection to form.

D. Mizukovski

A. I do consider and I say it in this report, that on a secondary basis, as a secondary consideration, a loan should be considered.

I don't talk about the Parkview loan being considered, but I talk about financing on the leasehold being considered, something that the lessee needs to consider in the context of the overall set of economics.

Q. But in this transaction, in May of 2022, your client entered into three different contracts, all of which required that the debtors enter into the $207 million worth of construction loans with Parkview?

MR. O'CONNOR: Objection to form.

Q. Have you ever looked at the closing agreement?

A. No.

Q. It is actually a condition precedent to the closing that the debtors enter into the construction loans with Parkview.

Are you aware of that?

D. Mizukovski

A. I am.

Q. In the ground lease, the ground lease specifically refers to the requirement that the debtors complete the construction project for which that construction loan was obtained, right?

A. Okay.

Q. And then there is also attached to the ground lease, a project budget that shows sources and uses, including a construction loan, including the ground lease and including some equity from the developer, right?

A. Okay.

Q. So this is a project that required the construction loan.

How can you not include the necessity of debt service under that loan in your rent analysis?

MR. O'CONNOR: Objection to form.

A. As I said, I consider that a loan would be required by the lessee to build this project.

What I said in this report is that

asking me.

I'm telling you that financing is important to the overall framework of a ground lease and a new project that is to be built. I considered that. That's a vital -- that's a valid consideration from a lessee's perspective and I said as much so financing is necessary to think about.

Q. But you didn't -- in your calculation, you don't have any element that is debt service coverage, right?

A. I don't have a debt service coverage ratio because, again, that is not how market ground rent is determined.

Market ground rent is determined first and when you think about it in the context of ground leases and what the lessee is able to finance based on cash flow after payment of ground rent, you think about it more in the context of coverage ratio of cash flow NOI before ground rent to ground rent and that gives you a sense of what is financeable.

Debt service coverage ratio is

specific to a loan and a leasehold. You don't lead with that in this kind of a situation.

Q. But again, this is not a ground lease creation, this is an existing project, right?

A. Again, I don't know what you mean by that. A ground lease was created here.

Q. Four years ago, right?

A. Right.

Q. Okay. And things have changed in those four years?

A. Okay.

Q. Interest rates are up?

A. Okay.

Q. Significantly, right?

A. Yes.

Q. Stop work orders, right?

A. Okay.

Q. Okay. Delays in construction?

A. Okay.

Q. SRO tenants that weren't very happy for a while, right?

A. Okay.

D. Mizukovski

Q. None of that matters to determining today a reasonable market ground rent?

A. Those are all lessee issues. Your comment about interest rates going up, sure, just like yield expectations on investment have gone up as well, from the ground lessor's perspective.

Q. But the ground lessor here required the construction loan, so how is it that the ground lessor can require a rent in 2026 that doesn't take into account any amount to pay existing debt service when that ground lessor required the loan?

MR. O'CONNOR: Objection to form.

A. As I said, the ground lessor and the ground lessee should think about a number of things. Financing should be thought about. Secondarily, not in determining ground rent.

You just described a situation where parties sat around a table and agreed on something, on a lease, a certain rent, a certain loan amount based on the cash flow after payment of that rent on a project that

was contemplated. From there, they determined the amount of the loan that they can get, so all the parties agreed on that.

I'm thinking about it in the context of today. What's the market ground rent for this type of a project today?

Q. And the 11 million number that you come up with is based solely on a calculation of the risk-free rate plus some additional amount to that times 178 million, right?

A. Yes, but I also say that when you think about everything in totality, what makes more sense in the context of this project and in thinking about things like financing for the leasehold, what makes sense is to just keep the contract rent in place.

Q. Okay. So then you say 8.75 million, we should just keep that?

A. Right.

Q. You deduct nothing for debt service?

A. I don't need to duct anything for debt service because I'm not coming up with what the loan amount is and then figuring out

D. Mizukovski

the market ground rent.

I am figuring out the market ground rent and then saying, okay, lessee, you, based on whatever your project is that you are going to build and the cash flow that is remaining after you pay ground rent and your coverage ratio of cash flow to ground rent, you are going to be able to finance this.

There are going to be situations in which if you didn't have enough cash flow, it would be harder to finance, but in the context of the market ground rent that I think is appropriate and based on -- the business plan isn't done, but based on pro formas that I have seen, I think that that leasehold is financeable.

Q. Okay. But there is already financing and it's financing that your client required?

A. But that's neither here, nor there.

Q. You don't care about it?

A. It's not a function of me caring or not caring. I'm just telling you what market is.

D. Mizukovski

Q. So to you, determining a market rent now does not take into consideration what the lessee is going to have to pay in the future on the construction loans it used to build the Hudson project, right?

MR. O'CONNOR: Objection to form, asked and answered.

A. Construction loans in the future to build a future project, yes. Not the construction loan that was already taken out, but construction loans or a loan in the future to build whatever this project will be, yes.

As I have said before, I have thought about making sure that that leasehold is a financeable leasehold going forward.

Q. But what about the 207 million debt that the lessee has for the construction that has already taken place, that doesn't factor into market rent at all?

A. It does not.

MR. O'CONNOR: Objection to form, asked and answered.

Q. I just want to hear that one more

time. The $207 million construction loan that was entered into in May of 2022 does not factor into the determination of market rent now in 2026, is that your testimony?

MR. O'CONNOR: Objection to form, asked and answered.

A. I don't know whether...

Q. You can answer.

MR. O'CONNOR: You can answer.

A. Not the $207 million loan, but construction financing in the future, new construction financing, I have thought about that.

Q. I want you to answer my question, okay?

My question is, the $207 million in construction loans that the lessee obtained from Parkview, it is your testimony that that does not come into play, is not a consideration in the determination of market rent for the Hudson today, correct?

MR. O'CONNOR: Objection to form, asked and answered.

And please let the witness finish

his answer before asking another question.

A. Correct.

Q. Okay. Let's take a look at paragraphs 36 and 37 of your report.

So if I understand your approach to calculating a market rent, the first thing you did is basically set forth in paragraph 34, right, you took the ground lessor's investment and then you applied a yield to it which comes to 6.25 percent and then you come to a ground rent of 11,125,000 annually, correct?

A. Correct.

Q. Then this is your point, then you go on to say in the continuation of the paragraph on page 14 that, let's just stay with the current contract rent of 8,750,000, right?

A. Correct.

Q. So the factors in your calculation are the landlord's original investment, the treasury rate plus an applicable risk base spread which gives you a ground rent of

11.125 million and then the last thing you considered is the actual ground lease itself and you say it has a contract rate of 8.75 million and let's stick with that, right?

A. Correct.

Q. No mention of the Parkview loans, no mention of anything else, right?

A. Correct.

Q. No mention of any of the costs needed to finish the project, right?

MR. O'CONNOR: Objection to form.

A. Correct.

Q. Then beginning at paragraph 36, you start considering what kinds of monies can this property generate, right?

A. Correct.

Q. NOI, net operating income, right?

A. Uh-huh.

Q. You refer to some pro formas.

Pro formas is a way of referring to projections, right?

A. Right.

Q. You refer to some pro formas between 2022 and 2024 that projected NOI,

annual NOI of 23.3 to 31.6 million, right?

A. Right.

Q. Then you refer to an appraisal that was commissioned by your client, right?

A. Right.

Q. In December of 2025?

A. Right.

Q. And that projects an annual NOI of 15 million, right?

A. Right.

Q. Then you say, Given this continued uncertainty as to the tenant's business plan and the resulting economics of the leasehold, I have used approximately the midpoint of this range of stabilized NOI figures for purposes of the coverage ratio analysis that follows, right?

A. Right.

Q. Have you read the National Valuation Consultant Appraisal?

A. I have.

Q. That's based on the current actual plan for the Hudson, right?

A. I don't think so.

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Q. It refers to the build-out of a multi-apartment complex with 28 percent of the leasable real estate being used for below-market apartments, right?

A. I said I don't think so because I'm under the impression that there is no business plan that's been set.

Q. Okay. Who told you that?

A. Counsel.

Q. There was a hearing in April in this case to determine whether this building met the definition of a residential leased property versus a nonresidential leased property.

Have you reviewed anything from that hearing?

A. I have reviewed some material. I don't know whether it was from that hearing.

Q. Two witnesses testified at that hearing, Abe Kohn from Parkview and Glenn Brill from FTI.

Have you read their testimony?

A. No, I'm not familiar with that.

Q. Did you read the judge's ruling

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with respect to the property after that testimony?

A. I don't believe so.

Q. For example, you say in paragraph 37 that your midpoint is consistent with a pro forma from August 2024 which projects a stabilized NOI of approximately 23 million for a mixed use development comprising 61 hotel rooms and 140 affordable residential units and 242 market rate residential units, right?

A. Right.

Q. There is not going to be any hotel rooms in this project, right?

MR. O'CONNOR: Objection to form.

A. I'm not aware of what the business plan is.

Q. All the components of a hotel have been ripped out of the building, right?

A. I'm not aware of that.

Q. But that would change your analysis, wouldn't it? If it turns out that NVC's estimate of 15 million is the actual reasonable NOI that can be generated from

this property upon stabilization, that would change your analysis, wouldn't it?

MR. O'CONNOR: Objection to form.

A. I would definitely have to consider that.

Q. You've said a couple of times, you figure out the rent first, right?

A. Right.

Q. Then you have to figure out what the lessee is capable of paying, right?

A. Right.

Q. And in a project like this, that will be whatever the property can generate itself, right?

A. That is a consideration.

Q. And if after paying the rent and paying all other costs associated with the property, the lessee has negative cash flow, the deal is not going to get done, right?

A. What deal are you referring to?

Q. The ground lease. If we look at this as a new project?

A. Uh-huh, right.

Q. If after paying what the ground

lessor says it wants for rent and all other projected costs for the property, cash flow is negative, the deal is not going to get done, right?

MR. O'CONNOR: Objection to form.

A. Cash flow is negative for how long?

Q. Forever.

A. Well, of course not.

Q. Okay, right. You cite to Safe Hold a number of times in your report, right?

A. Right.

Q. Safe Hold is a publicly traded institutional ground lease enterprise, correct?

A. Right.

Q. One of the things and you cite to page 50 of their annual report and one of the things that Safe Hold says there is that increased interest rates, inflation and competition could result in Safe Hold not doing deals, right?

MR. O'CONNOR: Objection to form.

A. Okay.

Q. Right. So if I want a rent that is

component and there is an equity funding and that's what pays for the entirety of the costs.

It didn't, all of a sudden, wind up spending $280 million, not knowing what his ground rent obligation was. He created this capital stack based on the ground rent obligation.

Q. And sometimes things don't go the way they are supposed to go, right?

A. Right.

Q. So four years into a project, things may be very different, right?

A. Right.

Q. So five years, let's say the project was supposed to be done in three years, it takes five years?

A. Okay.

Q. It's supposed to be done 200 million, it took 280 million.

A. Okay.

Q. Five years in, we are done. NOI was supposed to be 30 million, it's 15 million.

A. Okay.

Q. So now, five years in, we have 280 million in sunk construction costs, we have 15 million in projected NOI. That 280 million it took us to get there, to get that 15 million, we can just chop that out of the analysis?

MR. O'CONNOR: Objection to form.

A. That's a risk the lessee takes. The lessee is a developer and that's a risk every lessee in the market takes.

If their project goes the other way, that's their risk, hence, why the leased fee interest is senior to the leasehold interest.

Q. And that happens even where the lessor required that expenditure?

A. Of course.

Q. And that happens even though the lessor's only hope of collecting its rent is from the project that all that money went to building?

MR. O'CONNOR: Objection to form.

A. That is how a ground lease works.

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Q. Did you take into consideration the possibility that the ground lessor overpaid for these three condominium units?

MR. O'CONNOR: Objection to form.

A. I didn't take into consideration that they overpaid. I took into consideration what they invest in.

Q. That is not my point.

My point is, did they invest too much?

A. I don't know the answer to that.

Q. And did you take into consideration whether they invested too much, both in 2022 and with hindsight today, in 2026?

MR. O'CONNOR: Objection to form.

A. I don't know what that means. What do you mean in 2022 and in 2026?

Q. Looking back -- let's try this. Did you analyze whether $178 million was too much for the three condominium units as of May of 2022?

A. I did not.

Q. Did you analyze whether 178 million for the three condominium units was too much

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as of August of 2026?

A. I don't know whether it is or it isn't too much.

Q. Looking back at your paragraph 34, your calculation involves two numbers, right, the 178 million and then a return of 6.25 percent, right?

A. Right.

Q. Either one of those numbers could change your analysis, right? If you decided you wanted a different return, either higher or lower or if the market value of the property was either greater or less than 178 million, right?

A. Yes.

Q. If you wanted to determine, as of May 2022, what was the value of the three condominium units, what would you do?

A. Meaning, what is the -- what was the value in the context of this project that was created in 2022?

Q. Yes.

A. I would analyze what the value of the land, the land and building, the real

estate is at the time. I would analyze the -- what's the yield in the market, the yield expectations on the value of that real estate. I would look at the pro forma for the project and I think those would really be the ways in which I would think about the appropriate ground rent.

Q. I'm not asking for ground rent. I'm asking about the value of what was purchased, the actual condominium units.

How would you go about valuing those three units?

A. The three, but again, you are asking me -- just please clarify. The value for whom under what -- in what context? The value of the fee simple condominium units, the value of the leased fee position that was created, the value of the leasehold position? What are you asking me?

Q. The value of what the ground lessor purchased from Cain International, the three units, no development, no nothing, just the three units.

A. But they were purchased under -- my