

# Project Tallahassee

## Valuation Calculations of Tallahassee Memorial Hospital

Distributed on October 13, 2025



# Table of Contents

|  |    |
|--|----|
| <b>ENGAGEMENT SUMMARY</b>                              | 3  |
| Disclaimer   | 4  |
| Engagement Overview                                    | 5  |
| Summary of Results                                     | 6  |
| Valuation Methodologies Applied                        | 7  |
| <b>Valuation Approaches</b>                            | 8  |
| Valuation Method 1: Cost and Sales Comparison Approach | 9  |
| Valuation Method 2: Net Book Value Approach            | 11 |
| Valuation Method 3: Historical Appreciation Analysis   | 12 |
| Valuation Method 4: Market Approach                    | 13 |
| <b>SUPPORTING INFORMATION</b>                          | 14 |
| Supporting Documentation                               | 15 |



# ENGAGEMENT SUMMARY

---

ankura 



# Disclaimer

## Important Notice

- This report is provided to the City of Tallahassee ("Client") pursuant to our Engagement Letter dated October 3, 2025, and is subject to all terms and conditions of the Engagement Letter, including stipulations regarding the disclosure of this report to third parties.
- If this report is received by anyone other than its intended users, the recipient is placed on notice that the attached report has been prepared solely for our Client for its own internal use and this report and its contents may not be shared with or disclosed to anyone by the recipient without the express written consent of Client and Ankura. Ankura shall have no liability and shall pursue all available legal and equitable remedies against recipient, for the unauthorized use or distribution of this report.
- This draft may not capture all communications, whether in writing or otherwise, made by Ankura to Client as it pertains to the scope of this engagement.
- The observations included herein do not, in any way, constitute a recommendation as to whether the Client should participate in any transaction. This report is not being made available in connection with any prospectus, offering circular, or otherwise part of any soliciting, promoting, marketing, underwriting, recommending, or selling of securities or other interests.

# Engagement Overview

## Engagement Purpose

- Provide the City of Tallahassee (“Client”) with agreed upon valuation calculations for assessing the current value of Tallahassee Memorial Hospital (“TMH” or the “Company”) hospital assets.
- The valuation calculations presented in this Report are not intended to constitute, nor should they be interpreted as, an opinion of value.

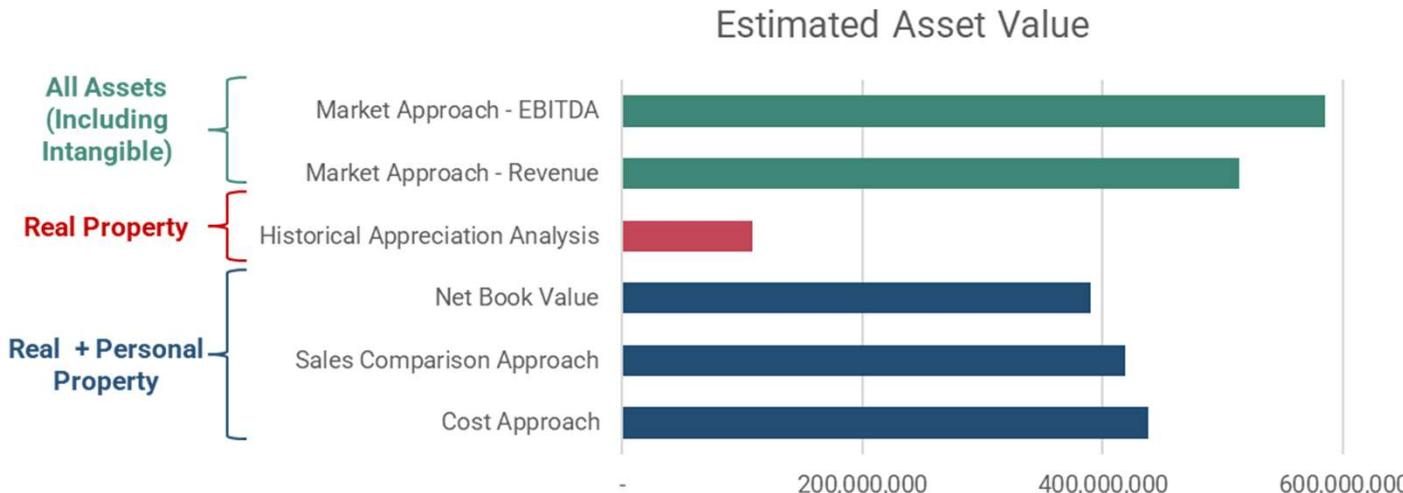
## Valuation Methodologies Applied

| Real & Personal Property                                     | Real Property           | All Assets (Including Intangible) |
|--|-------------------------|-----------------------------------|
| Cost Approach<br>Sales Comparison Approach<br>Net Book Value | Historical Appreciation | Market Approach                   |

## Results and Deliverables

- Calculations of asset and equity values for the TMH assets under the agreed upon valuation methodologies
- Deliver summary report and supporting calculations

# Summary of Results



| Methodology                      | Assets Included            | Estimated Asset Value | Less: Long-Term Debt | Calculated Equity Value |
|----------------------------------|----------------------------|-----------------------|----------------------|-------------------------|
| Cost Approach                    | Real + Personal Property   | 438,250,000           | (364,114,875)        | 74,135,125              |
| Sales Comparison Approach        | Real + Personal Property   | 418,600,000           | (364,114,875)        | 54,485,125              |
| Net Book Value                   | Real + Personal Property   | 390,298,355           | (364,114,875)        | 26,183,480              |
| Historical Appreciation Analysis | Real Property              | 109,304,777           |                      |                         |
| Market Approach - Revenue        | All (Including Intangible) | 513,596,993           | (364,114,875)        | 149,482,118             |
| Market Approach - EBITDA         | All (Including Intangible) | 584,508,815           | (364,114,875)        | 220,393,940             |

## Calculated Equity Value

- Equity = Assets – Liabilities (Long-Term Debt)

## Assets Included

- Due to the information provided and the nature of the valuation methodologies, the preliminary valuation calculations presented above result in varying assets to be included in the resulting estimates.

# Valuation Methodologies Applied

## Cost Approach

- Estimates the current cost of constructing the subject improvements, deducts all forms of depreciation, then adds the value of the underlying land

## Sales Comparison Approach

- Compares the subject with similar properties in the region or in similar markets that have recently sold in the open market

## Net Book Value

- Estimates value based on the book values as recorded by the Company

## Historical Appreciation

- Adjusts historical asset value for appreciation based on indices for the broader industry

## Market Approach (Comparable Transaction Method)

- Estimates value based on the subject Company's historical financial performance and multiples at which comparable facilities have transacted

# Valuation Approaches

---

ankura 



# Valuation Method 1: Cost and Sales Comparison Approach

## Cost Approach

- Estimates the current cost of constructing the subject improvements, deducts all forms of depreciation, then adds the value of the underlying land

## Applicability to Hospitals

- Relevant due to the specialty nature of hospitals and their less-frequent exchange in the marketplace

## Results

| us\$                                 | Estimated Value    |
|--------------------------------------|--------------------|
| <b>Asset Class:</b>                  |                    |
| Land                                 | 19,770,000         |
| Building                             | 290,110,000        |
| Site Improvements                    | 3,170,000          |
| <b>Estimated Real Property Value</b> | <b>313,050,000</b> |
| <br>                                 |                    |
| Personal Property Estimate           | 125,200,000        |
| <b>Estimated Asset Value</b>         | <b>438,250,000</b> |
| <br>                                 |                    |
| Less: Long-Term Debt                 | (364,114,875)      |
| <b>Estimated Equity Value</b>        | <b>74,135,125</b>  |

## Assumptions and Limitations

- Due to scope, personal property estimated at 40.0% of real property and various buildings were grouped
- Information was not provided by the Company; relied upon public data from the Leon County Assessor's database
- Most accurate when valuing new properties due to challenges in estimated accrued depreciation

# Valuation Method 1: Cost and Sales Comparison Approach

## Sales Comparison Approach

- Compares the subject with similar properties in the region or in similar markets that have recently sold in the open market

## Applicability to Hospitals

- Most relevant for valuing property types that are frequently exchanged in the market, but can be appropriate if adequate market data is available

## Results

| US\$                                 | Estimated Value    |
|--------------------------------------|--------------------|
| <b>Estimated Real Property Value</b> | <b>299,000,000</b> |
| Personal Property Estimate           | 119,600,000        |
| <b>Estimated Asset Value</b>         | <b>418,600,000</b> |
| Less: Long-Term Debt                 | (364,114,875)      |
| <b>Estimated Equity Value</b>        | <b>54,485,125</b>  |

## Assumptions and Limitations

- Due to scope, personal property estimated at 40.0% of real property
- Most transactions include purchase consideration for other assets (personal property, intangible assets, etc.) or include satellite properties (medical office buildings, surgery centers, etc.)

# Valuation Method 2: Net Book Value Approach

## Net Book Value Calculation

- Estimates value based on the book values as recorded by the Company

## Results

| us\$                                 | Estimated Value    |
|--------------------------------------|--------------------|
| <b>Net Book Value by Class</b>       |                    |
| Building                             | 229,141,768        |
| Building Imprv                       | 32,438,059         |
| Land                                 | 8,769,431          |
| Equip                                | 33,760,031         |
| CIP                                  | 36,529,533         |
| Capitalized CCA Implementation Costs | 49,659,535         |
| <b>Estimated Asset Value</b>         | <b>390,298,355</b> |
| Less: Long-Term Debt                 | (364,114,875)      |
| <b>Estimated Equity Value</b>        | <b>26,183,480</b>  |

## Assumptions and Limitations

- Dependent upon management depreciation methodologies
- May not incorporate external market factors, including whether a market for sale exists
- Does not consider the income-producing capacity of the assets

# Valuation Method 3: Historical Appreciation Analysis

## Historical Appreciation Analysis Overview

- Adjusts historical asset value for appreciation based on indices for the broader industry

## Analysis and Results

| US\$  | Estimated Value    | Growth (\$)       | CAGR        |
|---|--------------------|-------------------|-------------|
| <b>Real Property - 1974</b>                         | <b>12,526,112</b>  |                   |             |
| <b>Real Property - 2025</b>                         |                    |                   |             |
| Growth Index 1 - CPI-U                              | 80,200,783         | 67,674,671        | 3.7%        |
| Growth Index 2 - CPI-U - Medical Care               | 167,361,180        | 154,835,068       | 5.2%        |
| Growth Index 3 - Commercial Real Estate Price Index | 78,902,901         | 66,376,789        | 3.7%        |
| Growth Index 4 - NCREIF Property Index              | 110,754,243        | 98,228,131        | 4.4%        |
| <b>Selected Estimated Asset Value</b>               | <b>109,304,777</b> | <b>96,778,665</b> | <b>4.3%</b> |

## Assumptions and Limitations

- Property value not available as of lease date (1979)
- Not directly comparable to the other methodologies due to the fact that the approach does not account for specific property improvements, depreciation, or land and building which has been acquired or constructed since 1974
- Dependent upon accuracy of initial historical value
- Limited information exists for growth in the specific geographic market and industry
- May not capture the specific facts and circumstances surrounding the subject assets
- Does not consider the income-producing capacity of the assets

# Valuation Method 4: Market Approach

## Market Approach Overview

- Estimates value based on the subject Company's historical financial performance and multiples at which comparable facilities have transacted

## Multiples Considered

- Transactions in the acute care hospital industry
- Revenue and EBITDA multiples most commonly utilized metrics

## Analysis and Results

| Summary - All Transactions | Implied Multiples |          |               | US\$                        | Revenue       | EBITDA        |
|----------------------------|-------------------|----------|---------------|-----------------------------|---------------|---------------|
|                            | Revenue           | EBITDA   | EBITDA Margin |                             |               |               |
| # of Transactions          | 87                | 49       | 80            | 2024 Subject Company Metric | 1,100,090,578 | 69,472,502    |
| Low                        | 0.1x              | 3.2x     | (47.4%)       |                             |               |               |
| 25th Percentile            | 0.3x              | 6.7x     | (4.9%)        | Assumed Multiple            | 0.47x         | 8.41x         |
| Median                     | 0.5x              | 8.4x     | 3.9%          |                             |               |               |
| Average                    | 0.7x              | 58.6x    | 3.5%          | Estimated Asset Value       | 513,596,993   | 584,508,815   |
| 75th Percentile            | 1.0x              | 14.1x    | 14.3%         |                             |               |               |
| High                       | 4.3x              | 2,270.2x | 37.6%         | Less: Long-Term Debt        | (364,114,875) | (364,114,875) |
|                            |                   |          |               |                             |               |               |
|                            |                   |          |               | Estimated Equity Value      | 149,482,118   | 220,393,940   |
|                            |                   |          |               |                             |               |               |

## Assumptions and Limitations

- Assumes FY 2024 statistics is a reasonable representation of normal levels
- EBITDA was not provided by the Company and therefore required estimation
- Requires more detailed information surrounding operations of the subject Company
- Cannot separate value between tangible and intangible assets
- Limited details on transactions for a similar size and geography

# Supporting Information

---

ankura 



# Supporting Documentation

## Publicly Available Information

- AHD.com hospital profiles
- Marshall & Swift Valuation Service Manual
- Leon County Assessor's database
- Bureau of Labor Statistics, Historical Consumer Price Index for All Urban Consumers (CPI-U): U.S. city average, all items, by month
- Federal Reserve Economic Data, Federal Reserve Bank of St. Louis, Consumer Price Index for All Urban Consumers: Medical Care in U.S. City Average, Index 1982-1984=100, Monthly, Not Seasonally Adjusted
- Federal Reserve Economic Data, Federal Reserve Bank of St. Louis, Interest Rates and Price Indexes; Commercial Real Estate Price Index, Level, Millions of Dollars, Quarterly, Not Seasonally Adjusted
- National Council of Real Estate Investment Fiduciaries ("NCREIF") Property Index
- Scope Research Healthcare Transaction Database

## Information Provided by Client

- Asset listing as of June 30, 2025
- Consolidated financial statements and supplemental schedules for September 30, 2024 and 2023 for Tallahassee Memorial HealthCare, Inc. and subsidiaries
- Annual report for the fiscal years ended September 30, 2024, 2023 and 2022 for Tallahassee Memorial HealthCare, Inc. and subsidiaries
- Statement of general city fixed assets as of September 30, 1974, for the City of Tallahassee, Florida
- Schedule of outstanding debt
- Tallahassee Memorial HealthCare location map



**Vin Phan, CPA**  
Senior Managing Director  
Transaction Advisory Services  
Nashville, Tennessee

Email: [Vin.Phan@Ankura.com](mailto:Vin.Phan@Ankura.com)  
Direct Dial: 615.496.5843

**Scott Fowler, MAI, CRE, FRICS**  
Senior Managing Director  
Ankura Real Estate Advisory (AREA)  
Houston, Texas

Email: [Scott.Fowler@Ankura.com](mailto:Scott.Fowler@Ankura.com)  
Direct Dial: 346.249.8480

**Michael Minix, MAI**  
Managing Director  
Ankura Real Estate Advisory (AREA)  
Houston, Texas

Email: [Michael.Minix@Ankura.com](mailto:Michael.Minix@Ankura.com)  
Direct Dial: 346.440.0238

**Anthony Metke, CFA**  
Senior Director  
Transaction Advisory Services  
Nashville, Tennessee

Email: [Anthony.Metke@Ankura.com](mailto:Anthony.Metke@Ankura.com)  
Direct Dial: 615.495.4714

**Aram Gupta, CPA/ABV**  
Director  
Transaction Advisory Services  
Nashville, Tennessee

Email: [Aram.Gupta@Ankura.com](mailto:Aram.Gupta@Ankura.com)  
Direct Dial: 615.218.9303

ankura 