

Project Tallahassee

Valuation Calculations of Tallahassee Memorial Hospital

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Table of Contents

ENGAGEMENT SUMMARY	3
Disclaimer	4
Engagement Overview	5
Summary of Results	6
Valuation Methodologies Applied	7
Valuation Approaches	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
SUPPORTING INFORMATION	14
Supporting Documentation	15



ENGAGEMENT SUMMARY



Disclaimer

Important Notice

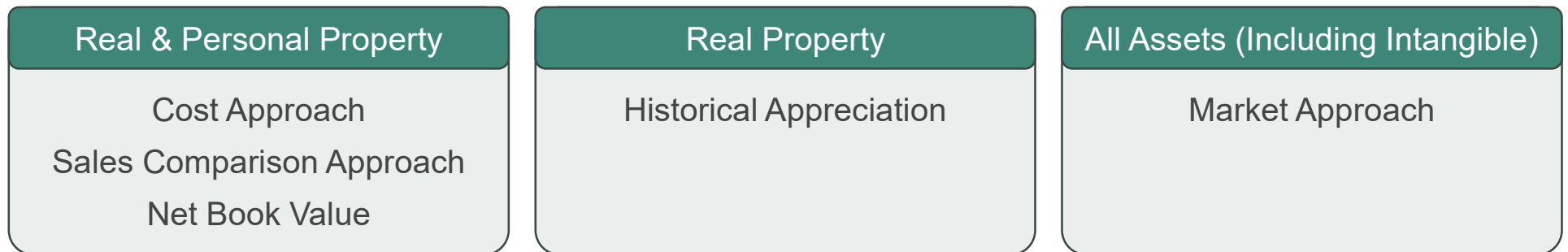
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Engagement Overview

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.

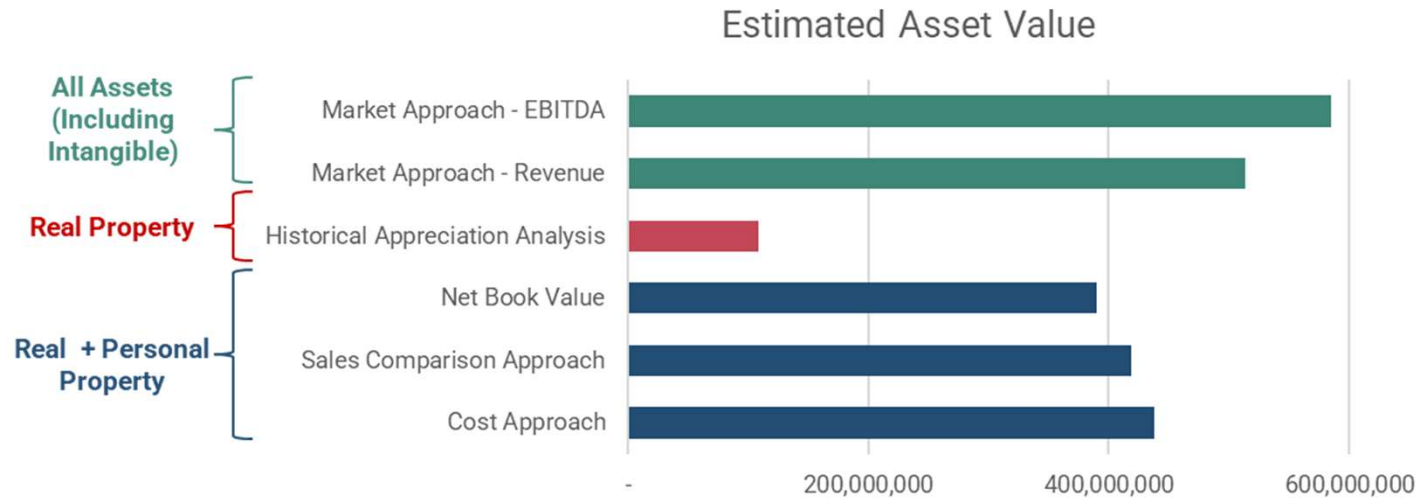
Valuation Methodologies Applied



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



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

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
Estimated Real Property Value	299,000,000
Personal Property Estimate	119,600,000
Estimated Asset Value	418,600,000
Less: Long-Term Debt	(364,114,875)
Estimated Equity Value	54,485,125

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
Net Book Value by Class	
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
Estimated Asset Value	390,298,355
Less: Long-Term Debt	(364,114,875)
Estimated Equity Value	26,183,480

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
Real Property - 1974	12,526,112		
Real Property - 2025			
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%
Selected Estimated Asset Value	109,304,777	96,778,665	4.3%

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

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

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



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



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