Healthcare Investment Opportunity | **Offering Memorandum**

Ascension Sacred Heart

4521, 4541 & 4551 N Davis Hwy | Pensacola, FL 32503

MATTHEWS™

Exclusively Listed By

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Executive Summary

Offering Summary

Matthews™ is pleased to exclusively present the opportunity to acquire a premier outpatient medical investment leased to Ascension Sacred Heart Health System, the leading healthcare provider in Northwest Florida and a subsidiary of Ascension, one of the largest nonprofit healthcare systems in the United States. The Property consists of three buildings totaling approximately ±31,633 square feet, each dedicated exclusively to orthopedic and musculoskeletal care, and is strategically located within Pensacola's primary healthcare corridor.

The investment is secured by a recently extended lease through May 2031, demonstrating the tenant's long-term commitment to the location. The extension includes 3% annual rental increases, doubling the prior escalation schedule and providing investors with above-market contractual rent growth throughout the remaining lease term. The modified net lease structure further provides stable cash flow while limiting landlord operating responsibilities.

Ownership has invested approximately $500,000 into the three buildings through significant capital improvements, including roof replacements, HVAC upgrades, fire protection enhancements, and parking lot resurfacing. In addition, Ascension invested approximately $750,000—$800,000 into the interior renovation of Building 4551. These targeted investments substantially reduce near-term capital expenditure requirements while reinforce the long-term functionality and appeal of the Property.

Strategically positioned less than two miles from both Ascension Sacred Heart Hospital and the new Baptist Hospital campus, the Property serves as one of Sacred Heart's primary orthopedic, sports medicine, podiatry/foot & ankle, and specialty outpatient locations. The campus contains approximately 48 exam rooms and supports nearly 30 providers, creating a mission-critical facility that would be both operationally disruptive and financially costly to replicate.

The Opportunity

Name
Ascension Sacred Heart

Property Address
4521, 4541 & 4551 N Davis Hwy
Pensacola, FL 32503

GLA (SF)
±31,633

Land Area (AC)
±0.64

Year Built/Renovated
1998/2005

Total Exam Rooms
48

Total Providers
29

Term Remaining
±4.90 Years

Price
$10,900,114

Cap Rate
7.00%

Price/SF
$345

Investment Highlights

Property Highlights:

Limited Near-Term Capital Expenditures

- Ownership has invested approximately $500,000 into the three subject buildings through recent roof replacements, HVAC improvements, fire sprinkler upgrades, parking lot resurfacing, and other capital improvements, substantially reducing anticipated near-term capital expenditure requirements.

Modified Net Lease with Above-Market Rent Growth

- The Property operates under a modified net lease structure with contractual 3% annual rental increases, providing investors with stable cash flow, predictable income growth, and an attractive hedge against inflation.

Mission-Critical Outpatient Campus

- The campus encompasses approximately 31,600 square feet, 48 exam rooms, and multiple high-margin specialty service lines including orthopedic surgery and sports medicine. The extensive medical buildout and specialized infrastructure create significant replacement costs that support long-term tenant retention.

Established Medical Campus

- The Property has been owned and operated by the existing physician partnership for more than 30 years, with Ascension Sacred Heart having occupied the campus for approximately 15 years. This longstanding operating history has established the Property as a cornerstone outpatient medical campus within the Pensacola healthcare market.

Investment Highlights

Ascension Sacred Heart

Tenant Highlights:

Recently Extended Lease

- Ascension Sacred Heart recently executed a lease extension through May 2031, while increasing contractual annual rental escalations from 1.5% to 3.0%, demonstrating a significant long-term commitment to the campus.

Significant Tenant Investment

- Ascension has invested an estimated $800,000 into recent interior renovations, converting underutilized space into expanded clinical operations and additional patient care areas. This substantial investment further reinforces the strategic importance of the location.

Regional Market Leader

- Ascension Sacred Heart is the dominant healthcare provider in Northwest Florida and operates one of the region's largest physician networks, anchored by Ascension Sacred Heart Hospital. The health system maintains a significant market share across orthopedic, cardiovascular, pediatric, oncology, and specialty care services throughout the Pensacola region.

Backed by One of the Nation's Largest Health Systems

- Ascension is one of the largest nonprofit healthcare systems in the United States, operating approximately 140 hospitals and thousands of care sites across multiple states. The organization's scale, physician network, and long operating history provide investors with institutional-quality healthcare tenancy.

Investment Highlights

Location Highlights:

Premier Healthcare Corridor

- The Property is strategically positioned within Pensacola's primary medical corridor less than two miles from both Ascension Sacred Heart Hospital and the new Baptist Hospital, benefiting from strong referral relationships and healthcare synergy.

Difficult-to-Replace Medical Asset

- Containing approximately 31,633 square feet, 48 exam rooms, and nearly 30 physicians and advanced practice providers, the campus would require substantial time and capital to replicate, supporting long-term occupancy.

Aging and Growing Patient Base

- Pensacola and the surrounding Gulf Coast continue to benefit from population growth and an aging demographic profile. Older populations utilize orthopedic, sports medicine, podiatry/foot & ankle, and specialty outpatient healthcare services.

Interior Photos

N
Select Specialty Hospital
±52 Beds
Ascension Sacred Heart
±126 Beds | ±1,000 Employees
Cordova Mall
Best Buy
World Market
belk
Dick's Sporting Goods
Dillard's
CAVA
BJ's Restaurant Brewhouse
Chick-fil-A
Bath & Body Works
Champs
Longhorn Steakhouse
Sephora
Chili's
Pensacola Christian College
Pensacola Christian College
±5,000 Students | ±280 Employees
Pensacola Christian Academy
±2,200 Students
CSL Plasma
Good for You. Great for Life.
Encompass Health
Rehabilitation Hospital of Pensacola
Baptist Health Care
±264 Beds | ±5,200 Employees
Ascension Sacred Heart
Subject Property
Pensacola International Airport
Cordova Collection
target
Michaels
Jimmy John's
Culver's
Olive Garden
Office Depot
amc
Mellow Mushroom
Publix
HCA Florida Physicians
Pensacola kids dentistry
Woodlands Medical Specialists
Brentwood Elementary
±400 Students
110
29
± 24,000 VPD
± 68,451 VPD
Cordova Park Elementary
±598 Students
O. J. Semmes Elementary
±344 Students
Pensacola Village
±200 Units
North Florida Bone & Joint Specialists
Pensacola High School
±1,200 Students
Google Earth

Ascension Sacred Heart

Financial Overview

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Financial Overview

Property Overview

Property Name	Ascension Sacred Heart
Address	4521, 4541 & 4551 N Davis Highway, Pensacola, FL 32503
Property Size (SF)	±31,633 SF
Lot Size (AC)	±0.64 Acres
Year Built / Renovated	1998 / 2005
Occupancy	100%
Property Type	Health System Outpatient Multi Speciality Campus
Ownership Type	Fee Simple Condominium

Lease Abstract

Tenant Name	Ascension Sacred Heart
Ownership Type	Fee Simple Condominium
Lease Guarantor	Sacred Heart Health System, Inc., A Florida Nonprofit Corporation
Occupancy	100%
Initial Term	10 Years
Initial Lease Effective Date	11/19/10
Rent Commencement	6/1/26
Lease Expiration	5/31/31
Lease Term Remaining	±4.90 Years
Base Rent	$775,008
Rental Increases	3% Annual
Renewal Options	Two Additional 5-Year Options On 4521 & 4551 At Fair Market Rental Value; None Remaining On 4541
Expense Structure	Modified Net
Landlord Responsibilities	Roof, structure, foundation, exterior walls, major building systems, HVAC replacement, capital repairs and replacements, and repairs or special assessments exceeding $1,000 per occurrence or $2,500 per building, per year.
Tenant Responsibilities	Real estate tax reimbursements, building insurance reimbursements, utilities, janitorial, security, routine maintenance and repairs (up to $1,000 per occurrence), and special assessments up to $2,500 per building, per year.
Insurance	Tenant
Taxes	Tenant
ROFR/ROFO	None

*Legacy employment provision applicable to three physicians. Additional details available upon request

Financial Overview

Ascension Sacred Heart

Investment Summary

List Price	$10,900,114
NOI	$763,008
Cap Rate	7.00%
Price PSF	$344.58
Rent PSF	$24.50
NOI PSF	$24.12

Financial Summary

Income	
Rental Income	$775,008
Reimbursemnet Revenue	$205,341
Effective Gross Income (EGI)	$980,349
Expenses	
Real Estate Taxes	$129,570*
Insurance	$75,771
Non-Reimbursable Repairs & Maintenance	$12,000
Total Operating Expenses	$217,341
Net Operating Income	$763,008

*Based on Increased Taxes at Reassesment Upon Sale

Financial Overview

Annualized Rent Schedule*

Lease Year	Annual Rent	Monthly Rent	Rent/SF	Cap Rate
Current Year	**$775,009**	**$64,584.04**	**$24.50**	**7.00%**
Year 2	$798,259	$66,521.56	$25.24	7.21%
Year 3	$822,207	$68,517.21	$25.99	7.43%
Year 4	$846,873	$70,572.73	$26.77	7.65%
Year 5	$872,279	$72,689.91	$27.57	7.88%
Option 1 - Year 6	$898,447	$74,870.61	$28.40	8.11%
Option 1 - Year 7	$925,401	$77,116.72	$29.25	8.36%
Option 1 - Year 8	$953,163	$79,430.22	$30.13	8.61%
Option 1 - Year 9	$981,758	$81,813.13	$31.04	8.87%
Option 1 - Year 10	$1,011,210	$84,267.53	$31.97	9.13%
Option 2 - Year 11	$1,041,547	$86,795.55	$32.93	9.41%
Option 2 - Year 12	$1,072,793	$89,399.42	$33.91	9.69%
Option 2 - Year 13	$1,104,977	$92,081.40	$34.93	9.98%
Option 2 - Year 14	$1,138,126	$94,843.84	$35.98	10.28%
Option 2 - Year 15	$1,172,270	$97,689.16	$37.06	10.59%

*Annual Rent reflects scheduled base rent only and should not be interpreted as projected Net Operating Income. Actual NOI will vary based on landlord-responsible expenses and non-reimbursable operating costs.
**Cap Rate Assumes Zero NOI Fluctuation.
***Renewal rent assumes the exercise of all available renewal options. Building 4541 does not include any remaining renewal options; projections beyond the initial term assume renewals for Buildings 4521 and 4551 only.

Ascension Sacred Heart

Tenant Overview

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Tenant Overview

Ascension Sacred Heart is the Northwest Florida regional ministry of Ascension, one of the largest nonprofit and Catholic health systems in the United States. With a history dating back more than a century, the organization has established itself as a leading provider of acute care, specialty services, and physician practices across the Florida Panhandle. Anchored by its flagship hospital in Pensacola, Ascension Sacred Heart benefits from the operational scale, financial resources, and nationally recognized healthcare platform of its parent organization. Its long-standing community presence, expanding outpatient network, and mission-driven approach position it as a highly stable healthcare tenant with enduring demand fundamentals.

Year Founded
1915

Headquarters
Pensacola, FL

# of Hospitals
5

# of Care Sites
100+

# of Employees
10,000+ Associates

Our Physicians

Scott A Stewart, DO
Orthopedic Surgery

Victor S Oliveira, PA
Orthopedic Surgery

Eugene J Dabezies Jr, MD
Orthopedic Surgery

Christopher H Yun, DO
Orthopedic Surgery

Victor E Nwosu, DPM
Podiatry - Foot Health

Kevin W Burton, PA
Orthopedic Surgery

Roger E Gregush, DO
Orthopedic Surgery

Ryan M Dedeaux, PA
Orthopedic Surgery

James P Adair, II, PA
Orthopedic Surgery

Anne-Marie C Doll, PA
Orthopedic Surgery

Jason M Mallis, II, PA
Orthopedic Surgery

Edward A Hughes, PA, MHS
Orthopedic Surgery

Kurt L Morrison, DO
Orthopedic Surgery

Christine K Weakley, PA
Orthopedic Surgery

Kimia Sohrabi, DPM
Podiatry - Foot Health

Matthew E Cumming, DPM
Podiatry - Foot Health

Patrick L Bryan, PA
Orthopedic Surgery

Joseph B Smith, Jr, PA
Sports Medicine,Orthopedic Surgery

Our Physicians

Christopher N Watson, DMSc
Orthopedic Surgery

Kirby L Turnage, III, MD
Orthopedic Surgery

Dorothy N Bailey, PA
Orthopedic Surgery

Tyler J Schmitz, DO
Sports Medicine

Russell E Holzgrefe, MD
Orthopedic Surgery

Benjamin J Turnbow, MD
Orthopedic Surgery

Mark R Elliott, MD
Orthopedic Surgery

Joshua T Wing, APRN
Orthopedic Surgery

James P Junkins, PA-C
Orthopedic Surgery

Caitlin M Rosenblum, PA
Orthopedic Surgery

Cory R Fowler, PA
Orthopedic Surgery

Anthony A Zembrzuski, PA
Orthopedic Surgery

Ascension Sacred Heart

Market Overview

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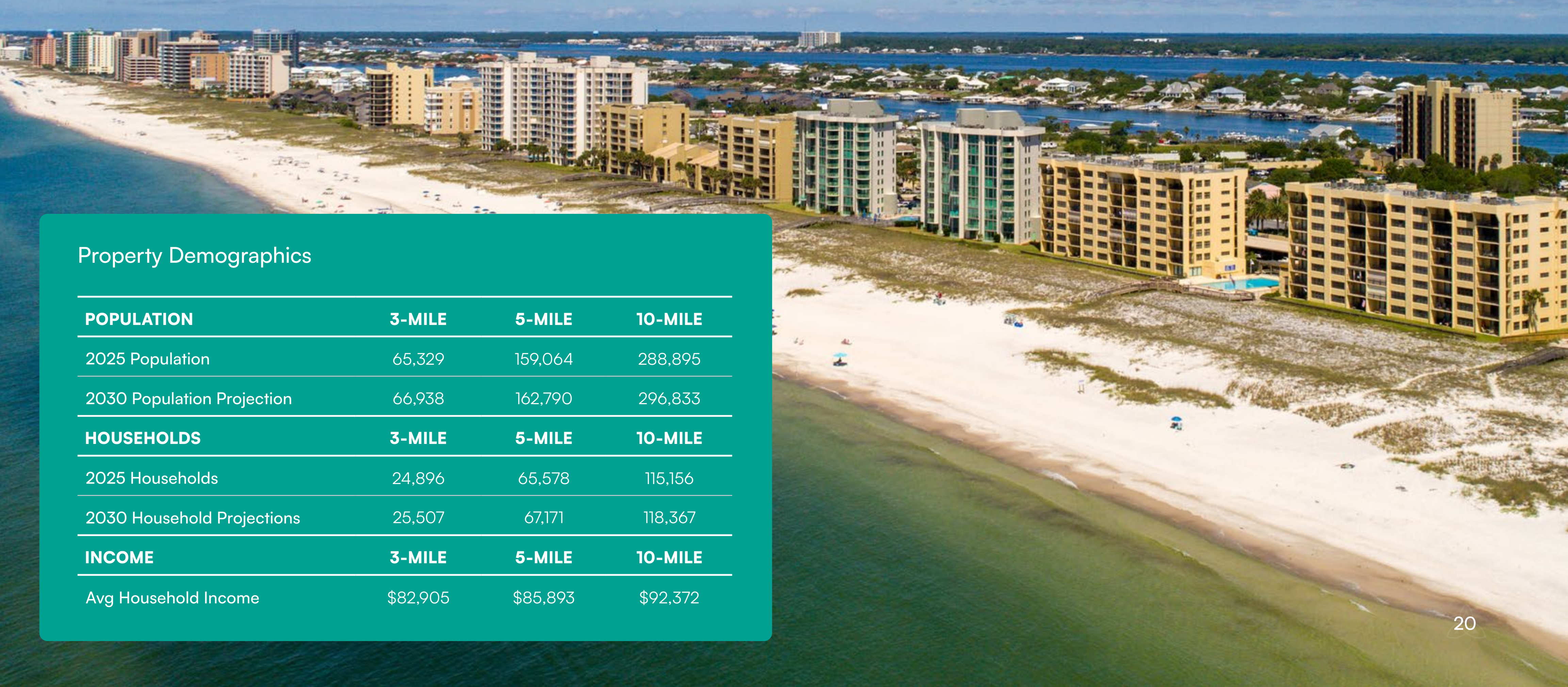
Pensacola, FL

Pensacola, Florida, is a historic Gulf Coast city that combines a diverse economy, strategic transportation infrastructure, and a high quality of life. As the western gateway to Florida, the city benefits from its proximity to Interstate 10, the Port of Pensacola, Pensacola International Airport, and Naval Air Station Pensacola, creating strong connections for commerce, tourism, and defense-related industries. The local economy is supported by healthcare, education, aerospace, advanced manufacturing, logistics, and military operations. It is also home to the expanding Navy Federal Credit Union campus, one of the region's largest employers with more than 10,000 employees, which continues to drive job growth and economic investment. Pensacola's white-sand beaches, waterfront amenities, and cultural attractions continue to attract residents and visitors alike, while steady population growth, ongoing private and public investment, and a favorable business climate have reinforced the city's position as an important economic center for Northwest Florida.

545K+
Total Population

$30B+
Gross Domestic Product

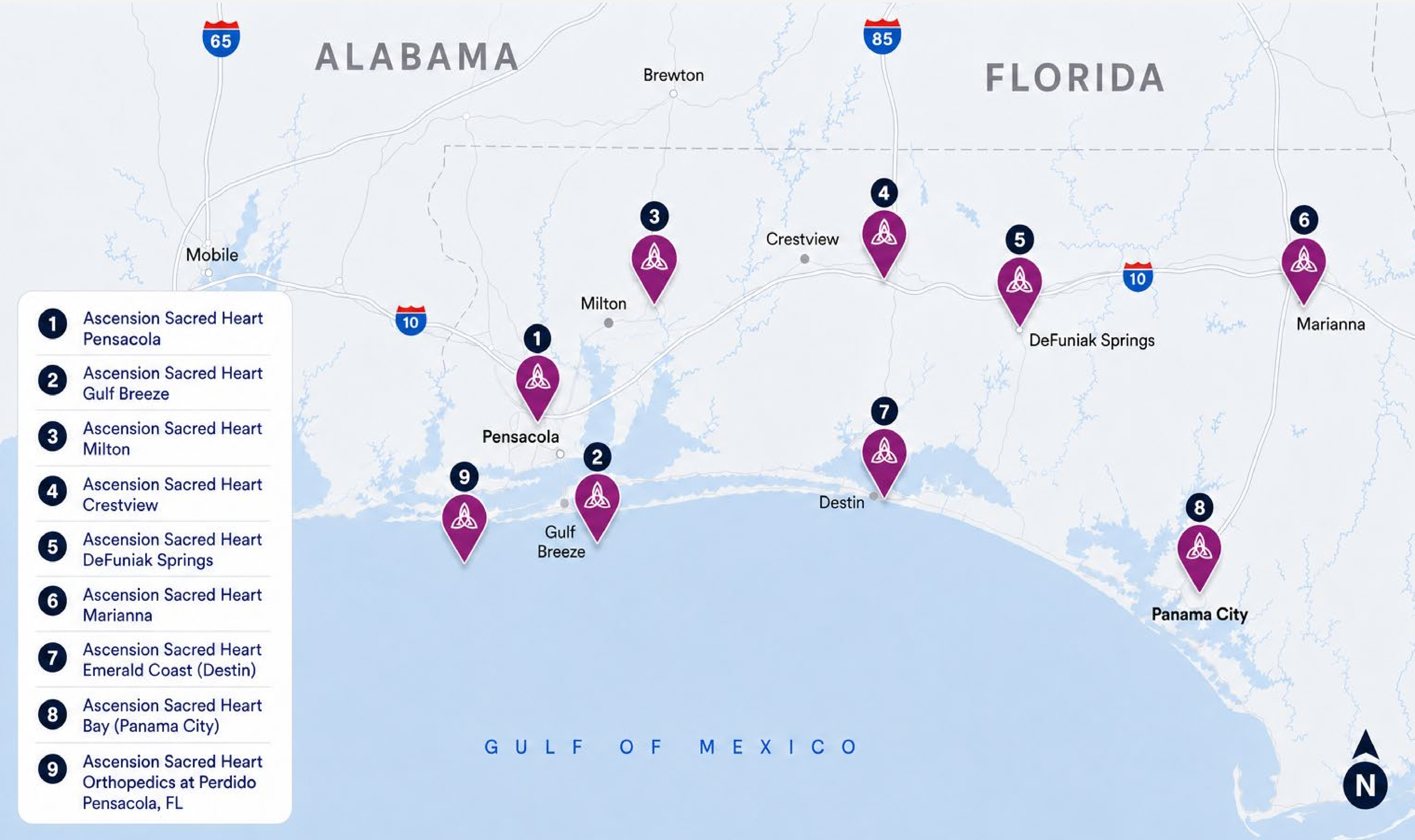
5.0%+
Population Growth (2025-2030)



Property Demographics

POPULATION	3-MILE	5-MILE	10-MILE
2025 Population	65,329	159,064	288,895
2030 Population Projection	66,938	162,790	296,833
HOUSEHOLDS	**3-MILE**	**5-MILE**	**10-MILE**
2025 Households	24,896	65,578	115,156
2030 Household Projections	25,507	67,171	118,367
INCOME	**3-MILE**	**5-MILE**	**10-MILE**
Avg Household Income	$82,905	$85,893	$92,372

Serving the Florida Panhandle



Disclaimer & Confidentiality Agreement

This Offering Memorandum contains select information pertaining to the business and affairs of the property owner and its tenant for real property located at **4521, 4541 & 4551 North Davis Highway, Pensacola, FL 32503** ("Property"). The Offering Memorandum may not be all-inclusive or contain all of the information a prospective purchaser may desire. The information contained in this Offering Memorandum is confidential and furnished solely for the purpose of a review by a prospective purchaser of the Property. It is not to be used for any other purpose or made available to any other person without the written consent of Seller or Matthews™. The material and information in the Offering Memorandum is unverified. Matthews™ has not made any investigation, and makes no warranty or representation, with respect to square footage, income and expenses, the future financial performance of the property, future rent, and real estate value market conditions, the condition or financial prospects of any tenant, or the tenants' plans or intentions to continue to occupy space at the property. All prospective purchasers should conduct their own thorough due diligence investigation of each of these areas with the assistance of their accounting, construction, and legal professionals, and seek expert opinions regarding volatile market conditions given the unpredictable changes resulting from the continuing COVID-19 pandemic. The information is based in part upon information supplied by the Owner and in part upon financial information obtained from sources the Owner deems reliable. Neither owner, nor their officers, employees, or real estate agents make any representation or warranty, express or implied, as to the accuracy or completeness of this Offering Memorandum, or any of its content, and no legal liability is assumed or shall be implied with respect thereto. Prospective purchasers should make their own projections and form their own conclusions without reliance upon the material contained herein.

By acknowledging your receipt of this Offering Memorandum for the Property, you agree:

1. The Offering Memorandum and its contents are confidential;
2. You will hold it and treat it in the strictest of confidence; and
3. You will not, directly or indirectly, disclose or permit anyone else to disclose this Offering Memorandum or its contents in any fashion or manner.

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Owner and Matthews™ expressly reserve the right, at their sole discretion, to reject any and all expressions of interest or offers to purchase the Property and to terminate discussions with any person or entity reviewing this Offering Memorandum or making an offer to purchase the Property unless and until a written agreement for the purchase and sale of the Property has been fully executed and delivered.

If you wish not to pursue negotiations leading to the acquisition of the Property or in the future you discontinue such negotiations, then you agree to purge all materials relating to this Property including this Offering Memorandum.

A prospective purchaser's sole and exclusive rights with respect to this prospective transaction, the Property, or information provided herein or in connection with the sale of the Property shall be limited to those expressly provided in an executed Purchase Agreement and shall be subject to the terms thereof. In no event shall a prospective purchaser have any other claims against Owner or Matthews™ or any of their affiliates or any of their respective officers, directors, shareholders, owners, employees, or agents for any damages, liability, or causes of action relating to this solicitation process or the marketing or sale of the Property.

This Offering Memorandum shall not be deemed to represent the state of affairs of the Property or constitute an indication that there has been no change in the state of affairs of the Property since the date of this Offering Memorandum.

Net Lease Disclaimer: There are many different types of leases, including gross, net, single net ("N"), double net ("NN"), and triple net ("NNN") leases. The distinctions between different types of leases or within the same type of leases, such as "Bondable NNN," "Absolute NNN," "True NNN," or other NNN leases, are not always clear. Labels given to different leases may mean different things to different people and are not defined legal terms. Buyers cannot rely on the labels or marketing descriptions given to any lease when making their purchasing decisions. Buyers must closely review all lease terms and are advised to seek legal counsel to determine the landlord and tenant's respective rights and duties under the lease to ensure the lease, regardless of how labeled or described, meets the buyers' particular needs.

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