weaver
Assurance • Tax • Advisory

Valuation Summary

HCA Florida Highlands Hospital

August 27, 2026

Board Presentation

Key Professionals

Elliott Jeter

CFA, CPA/ABV

Managing Director

Business Valuation

- Healthcare only
- 30+ years national experience
- Texas A&M University

Corey Palasota

CFA

Partner

Business Valuation

- Healthcare only
- 18 years national experience
- University of Texas Austin

Selina McUmber

MAI, CRE, MRICS

Partner

Real Property Valuation

- Diversified background, incl. healthcare
- 20+ years national experience
- Northwestern University, Kellogg

Kevin Florenz

ASA

Director

Personal Property Valuation

- Significant healthcare experience
- 30+ years national experience
- St. Bonaventure University

Disclaimer

- This presentation was designed to provide a **broad overview** of Weaver's analysis and conclusions. It is not a substitute for our full narrative reports, which set out the limitations, qualifiers, and assumptions on which those conclusions depend.

- Our FMV conclusions represent **our professional opinion** based on the information we were provided, industry experience and professional judgement.

- The valuation date for our analysis was **December 31, 2025.** Subsequent events may or may not have an impact on our conclusions.

Summary of Conclusions

Task	Conclusion	Note
Determine fair market value of proceeds the District may receive in the event of a sale	**$45,660,000 +/- 6.0%**	➢ Value does not include personal property ➢ The District has the right to buy existing personal property at book value. See pages 6-7 of Lease Analysis for further discussion.
Determine fair market value for an annual lease of the District's assets from the existing or a new tenant	**$3,830,500 +/- 6.0%**	➢ Lease rate does not include personal property ➢ The District has the right to buy existing personal property at book value. See pages 6-7 of Lease Analysis for further discussion.
Prepare a comparison of operating costs and quality metrics to similarly situated hospitals	**Operating costs and quality are generally in-line with peers**	➢ See pages 44-79 of the Business Valuation report for more details

Summary of Conclusions (Cont.)

	Low			High		
	Real Property Annual Rent	Intangibles Annual Lease	Total	Real Property Annual Rent	Intangibles Annual Lease	Total
Year 1	3,460,000	140,000	3,600,000	3,900,000	160,000	4,060,000
Year 2	3,563,800	140,000	3,703,800	4,017,000	160,000	4,177,000
Year 3	3,670,714	140,000	3,810,714	4,137,510	160,000	4,297,510
Year 4	3,780,835	140,000	3,920,835	4,261,635	160,000	4,421,635
Year 5	3,894,260	140,000	4,034,260	4,389,484	160,000	4,549,484
Year 6	4,011,088	140,000	4,151,088	4,521,169	160,000	4,681,169
Year 7	4,131,421	140,000	4,271,421	4,656,804	160,000	4,816,804
Year 8	4,255,364	140,000	4,395,364	4,796,508	160,000	4,956,508
Year 9	4,383,024	140,000	4,523,024	4,940,403	160,000	5,100,403
Year 10	4,514,515	140,000	4,654,515	5,088,615	160,000	5,248,615
Year 11	4,649,951	140,000	4,789,951	5,241,274	160,000	5,401,274
Year 12	4,789,449	140,000	4,929,449	5,398,512	160,000	5,558,512
Year 13	4,933,133	140,000	5,073,133	5,560,467	160,000	5,720,467
Year 14	5,081,127	140,000	5,221,127	5,727,281	160,000	5,887,281
Year 15	5,233,560	140,000	5,373,560	5,899,100	160,000	6,059,100
Year 16	5,390,567	140,000	5,530,567	6,076,073	160,000	6,236,073
Year 17	5,552,284	140,000	5,692,284	6,258,355	160,000	6,418,355
Year 18	5,718,853	140,000	5,858,853	6,446,106	160,000	6,606,106
Year 19	5,890,418	140,000	6,030,418	6,639,489	160,000	6,799,489
Year 20	6,067,131	140,000	6,207,131	6,838,674	160,000	6,998,674
Year 21	6,249,145	140,000	6,389,145	7,043,834	160,000	7,203,834
Year 22	6,436,619	140,000	6,576,619	7,255,149	160,000	7,415,149
Year 23	6,629,718	140,000	6,769,718	7,472,803	160,000	7,632,803
Year 24	6,828,609	140,000	6,968,609	7,696,987	160,000	7,856,987
Year 25	7,033,468	140,000	7,173,468	7,927,897	160,000	8,087,897
Year 26	7,244,472	140,000	7,384,472	8,165,734	160,000	8,325,734
Year 27	7,461,806	140,000	7,601,806	8,410,706	160,000	8,570,706
Year 28	7,685,660	140,000	7,825,660	8,663,027	160,000	8,823,027
Year 29	7,916,230	140,000	8,056,230	8,922,918	160,000	9,082,918
Year 30	8,153,717	140,000	8,293,717	9,190,605	160,000	9,350,605

Hypothetical annual lease payments over a 30-year term, assuming 3.0% annual escalations on the real property component.

Information Access

- **HCA provided all required information** as outlined in the existing lease
- Weaver made estimates based on professional judgement regarding future performance, strategy, physician alignment models, capital plans, and the impact of patient transfer activities
- Weaver conducted a site visit and held a management interview on February 4, 2026.

Information Received from HCA

- Audited financial statements, FY 2022 – FY 2025
- AHCA reports, FY 2022 – FY 2025
- Internal unaudited income statements, FY 2022- FY 2025
- Fixed asset ledgers as of December 31, 2025
- High-level itemization of major 2026 capital projects

Other Sources of Information

- American Hospital Directory
- Core Measure Reports from CMS
- Florida Agency for Health Care Administration
- U.S. Census Bureau
- Scope Research database

Hospital Valuation Nuances

- The valuation of a **single-purpose property** is directly tied to the underlying business performance of operations.
- Total **business enterprise value ("BEV")** includes all assets necessary for operations including real property, personal property, working capital and intangible assets (trade name, licenses, personnel, etc.).
- Real property value is an allocation of BEV. Stated another way, hospital real property value must always fit within the context of BEV.
- The BEV of a fully occupied and profitable stand-alone hospital **is more valuable** than a comparable less profitable or unoccupied hospital.

Hospital Valuation Nuances (cont.)

- New construction cost is generally a reasonable proxy for hospital real property value at inception. Thereafter, hospital real property value may:
  - Hold – BEV supports depreciated replacement cost amount
  - Fall – BEV does not support depreciated replacement cost amount
  - Rise – Special situation where negotiated rent exceeds market, as in some REIT deals where operations can afford higher rent payments
- Leasehold improvements do not automatically increase real property value.
  - Improvements that address deferred maintenance typically preserve existing value rather than create new value.
  - Value may increase when improvements enhance income-generating potential and support a greater allocation of overall value to the real property.

Appraiser Observations of the Hospital

- Among the smallest hospitals by revenue in HCA's Florida portfolio; has historically underperformed amid strong local competition, but FY 2025 profitability improved significantly.
- Several hospitals in or near the market are profitable.
- The 126-bed Hospital was less than 27% occupied in FY 2025.
- The Hospital is a valuable spoke in central Florida within HCA's hub, as certain patients are transferred to the larger and highly profitable HCA Florida Lawnwood Hospital.
- Substantial plant (electrical, HVAC) and equipment upgrades are underway – evidence of desirability, as for-profit operators do not reinvest in hospitals with weak outlooks – particularly soon before the lease expires.
- Overall, we determined that Highlands Hospital as a non-distressed and desirable operation.

Methodologies

- The objective of performing the BEV analysis was to fully support and contextualize the fair market value of the assets owned by the District, which serves as a key input in determining an appropriate lease rate for the Hospital operator.

- The three generally accepted approaches used in determining the fair market value of a business and/or underlying assets are the **income**, **market** and **cost** approaches.

- Depending on the facts and circumstances of a particular valuation, applying the three approaches independently of one another can yield conclusions that are substantially different.

- Typically, simultaneous application of at least two of the three approaches allows a valuation professional to arrive at mutually supporting conclusions indicating a reasonable range of value.

- As the valuation is performed, the strengths of the individual approaches are considered and the influence of each approach in the valuation process is weighted according to its suitability.

Income Approach

Dollar Amounts in Millions	Audited Historical				Projections				
	FY 22	FY 23	FY 24	FY 25	Year 1	Year 2	Year 3	Year 4	Year 5
Total Net Operating Revenue	**$ 83.3**	**$ 83.9**	**$ 77.5**	**$ 77.6**	**$ 80.2**	**$ 82.8**	**$ 85.5**	**$ 88.3**	**$ 91.2**
Growth	n/a	0.8%	(7.7%)	0.2%	3.3%	3.3%	3.3%	3.3%	3.3%
EBITDA	**2.0**	**2.6**	**1.3**	**7.2**	**8.1**	**9.1**	**10.2**	**11.3**	**12.4**
Margin	2.4%	3.1%	1.7%	9.3%	10.2%	11.0%	11.9%	12.8%	13.6%
Free Cash Flow					**(2.5)**	**6.6**	**6.8**	**6.9**	**7.7**
Partial Period					0.5	1.5	2.5	3.5	4.5
Present Value Factor			Discount rate:	12.5%	0.9428	0.8381	0.7449	0.6622	0.5886
Present Value of Cash Flows					(2.4)	5.5	5.0	4.6	4.6
Present Value, Years 1-5								26.0%	17.3
Present Value, Years 6-Perpetuity			Residual growth rate:	3.0%				74.0%	49.4
Business Enterprise Value ("BEV")								100.0%	**66.7**

- The Income Approach values the business as the free cash flow it generates over time, discounted to present value, with heavy reliance on the forecast.
- Because Management was not obligated to provide specific forecast guidance, Weaver based forecast assumptions on numerous factors using appraiser judgement.
- We viewed the Income Approach as supportive of the other, more reliable approaches rather than the primary indicator of value.

Market Approach (Data Points)

		BEV to Revenue Multiples - Summary			
		25th Percentile	75th Percentile	Median	Average
1	Florida Hospital Transactions	0.5x	1.0x	0.8x	0.8x
2	All Hospital Transactions	0.3x	0.9x	0.5x	0.7x
3	Non-distressed Hospital Transactions	0.5x	1.1x	0.8x	0.9x
4	Distressed Hospital Transactions	0.2x	0.5x	0.3x	0.4x
5	Specific Company Transaction	n/a	n/a	n/a	n/a
6	Select Transactions	0.6x	1.0x	0.9x	0.8x
7	Guideline Public Companies	1.0x	1.6x	1.1x	1.2x

Notes:

1 *Hospital transactions with publicly available information (2014-2025) that have occurred in Florida*

2 *Hospital transactions with publicly available information (2010-2025)*

3 *Hospital transactions with publicly available information (2010-2025) and EBITDA margins greater than 5.0%*

4 *Hospital transactions with publicly available information (2010-2025) and EBITDA margins less than 5.0%*

5 *Precedent hospital transaction between Community Health Systems and HCA completed in 2017*

6 *Single-facility hospital transactions occurring in Florida with EBITDA margins between 5% and 18%*

7 *Publicly traded hospital operators*

- The Market Approach values the business as compared to other transactions, typically using relative relationships of BEV to revenue or EBITDA.
- We viewed a valuation methodology utilizing a revenue multiple (versus an EBITDA multiple) approach as most reliable and objective given the quantity of publicly available datapoints.

Market Approach & BEV Conclusion

		Selected Multiple Ranges		
	Metric	Low	Mid	High
Revenue - Normalized Base Year (2025)	77,640,000	0.80x	0.85x	0.90x
Value Implied Business Enterprise Value ("BEV")		**62,000,000**	**66,000,000**	**70,000,000**

- Our selected revenue multiples, and resulting BEV indication, are displayed above.
- BEV comprises all assets of the Hospital including real property, personal property, working capital and intangible assets.
- It is important to note, however, that BEV includes certain assets that are not owned by the District—specifically personal property, working capital, and the operator's tradename—but are owned by the Hospital operator.

Cost Approach & Allocation

Value	Value Components	Owner: HCA	Owner: Hospital District
Land	2,000,000	-	2,000,000
Building	41,300,000	-	41,300,000
Personal Property	12,840,000	12,840,000	-
Net Working Capital	5,100,000	5,100,000	-
Operator Tradename	2,400,000	2,400,000	-
Other Intangible Assets	2,360,000	-	2,360,000
Business Enterprise Value	**$66,000,000**	**$20,340,000**	**$45,660,000**

- The Cost Approach values the business as the cost to replace or reproduce its assets, with consideration to possible obsolescence factors regarding single-purpose entities.
- We have performed a separate FMV appraisal of the Hospital's real property and personal property.
- We regarded the Cost Approach as both informative and supportive of the conclusions drawn from the Market Approach, confirming the concluded individual asset values are properly aligned with the BEV. Said differently, this exercise ensured the sum-of-the-parts equaled the whole.

Summary

Hospital Cost Approach

Replacement Cost New		106,124,591
Physical Deterioration	*@37%*	-38,755,552
Obsolescence	*@25%*	-26,531,148
RCN Less Depreciation		40,837,892
Land Value		1,945,600
Value Indication		$42,783,492
Hospital Value		**$42,800,000**

MOB Cost Approach

Replacement Cost New		$996,060
Physical Deterioration	*@61%*	-$610,803
Obsolescence	*@0%*	$0
RCN Less Depreciation		$385,257
Land Value		$80,000
Value Indication		$465,257
MOB Value		**$500,000**

Value Conclusion

Component	Value
Land	$2,000,000
Buildings	$41,300,000
Total Value	**$43,300,000**

- We requested but did not receive a property condition report – no recent report was available.
- Analysis assumes no deferred maintenance as of December 31, 2025.
- Obsolescence reflects significant vacancy and available real property allocation within the BEV.

Subsequent Capital Expenditures

HCA management provided Weaver with the below estimates regarding expected 2026/2027 spend:

HCA 2026 Real Property Improvement Plan - Represented on June 30, 2026

Project Description	Notes	Actual Paid	Current Commitments	Total Budget	Construction Finish Date	Capitalization Date
FLHIGH: 2018-04-P1: ADA Construction	1, 5	271,027	255,141	2,598,000	12/31/2027	n/a
FLHIGH FY22 EPSS (EMR)	2	5,782,019	6,720,083	7,465,902	4/30/2026	10/30/2026
FLHIGH FY24 LIM Panel Replacement	3	762,462	2,365,618	2,510,704	5/17/2027	8/9/2027
FLHIGH FY24 Kitchen Infrastructure		-	19,950	19,950	1/31/2026	n/a
FLHIGH FY25 AHU 01, 02, 03, 14, 15, 16 Replacements	1, 4	135,831	388,089	4,072,017	12/15/2026	2/1/2027
Total		**6,951,339**	**9,748,880**	**16,666,573**		

1) Unlike other projects, combined budgeted amount of ~$6.7 million has largely not yet been committed.
2) Emergency power supply system
3) Line isolation monitors replacement
4) Air handling unit replacement
5) Construction finish is after district lease expires on July 2027.

- Since December 31, 2025, we understand HCA has budgeted a ~$16.7 million of capital commitments for various non-income generating improvements.
- As of June 30, 2026, ~$7.0 million had already been spent of ~$9.7 million committed.
- Some projects are expected to be complete after lease expiration date with the District.

Summary

Asset Classification	Acquisition Cost (1)	Net Book Value (1)	Estimated Market Fair Value
Medical Equipment	$18,066,362	$6,164,090	$9,892,500
Medical Furniture	$1,459,693	$436,509	$698,450
Computer Equipment	$948,169	$212,173	$271,950
Software	$646,956	$2,713	$19,050
Communications Equipment	$4,648,860	$901,960	$1,400,200
Office Furniture	$228,531	$128,180	$168,650
Office Equipment	$214,004	$50,791	$81,850
Other Equipment	$424,933	$196,185	$306,850
Vehicles	$2,310	-	$500
Total Personal Property	**$26,639,817**	**$8,092,600**	**$12,840,000**

- If the Lessor is an entity other than HCA, the District has the right to purchase HCA's existing personal property at book value, or ~$8.1 million, and would likely resale or lease based on fair market value, or ~$12.8 million.

- Key considerations related to the acquisition, sale, or leasing of the personal property include:

  - Future Asset Composition and Value
  - Successor Tenant Equipment Needs
  - Leasing Structure Considerations

Summary

	Valuation	Fair Market Rent / Lease Rate
Real Property	43,300,000	3,680,500
Other Intangible Assets	2,360,000	150,000
Total	**45,660,000**	**3,830,500**

Real Property Lease

- A capitalization rate ("cap rate") represents the relationship between a property's stabilized net operating income (NOI) and its value and is calculated by dividing NOI by value.

- Capitalization rates may also be applied in reverse to estimate a market-supported lease rate when the value of the underlying real estate is known. For purposes of our analysis, we applied a cap rate of 8.5% to the real property value to arrive at the FMV rent rate.

District's Other Intangible Assets

- District-owned intangible assets include, but not are limited to, licenses, certifications, accreditations, permits, and other in-place operating assets including personnel.

- Weaver applied a 6.5% annual borrow rate to the underlying value of the District's other intangible assets to derive additional lease payments.

About Weaver

Weaver and Tidwell, L.L.P. is a national full-service accounting firm with offices coast to coast. Weaver serves clients from Fortune 500 multinational companies to start-ups, local and state government, and nonprofit organizations. The firm is particularly well known in the financial services, energy, manufacturing, construction, real estate, health care and government sectors. Weaver's services go beyond traditional assurance and tax services to include risk advisory, IT advisory, cybersecurity, due diligence, valuation, energy compliance, forensics and litigation services, as well as specialty tax services such as international tax, state and local tax and private client services. Learn more at www.weaver.com.

weaver
Assurance • Tax • Advisory