August 21, 2026

Prepared for Jones Walker on behalf of Highlands County Hospital District
600 South Commerce Avenue
Sebring, Florida 33870

RE: Fair Market Value Analysis of the Highlands Hospital Lease

Weaver and Tidwell, L.L.P. ("Weaver," "we," "our," and "us") has performed valuation services for Highlands County Hospital District, a dependent special district of Highlands County, Florida (the "District" or "Lessor"). Our services are intended to aid the Board in: (i) negotiations with the current or future tenant regarding a contemplated lease; (ii) planning for a possible future sale, and (iii) fulfilling the Hospital District's fiduciary and regulatory compliance duties. The District's existing lease for Highlands Hospital (the "Hospital") with HCA Healthcare, Inc. ("HCA") expires in July 2027.

The objective of our engagement was to estimate the fair market value ("FMV") of a new lease ("Subject Lease") as of December 31, 2025 (the "Valuation Date") as the District considers lease terms with HCA or a new tenant (collectively referred to as "Lessee").

Executive Summary

- **Objective:** Estimate the fair market value ("FMV") of the Subject Lease for the Highlands Hospital between the Lessor and Lessee as of the Valuation Date.
- **Conclusion:** The FMV annual lease rate for the Subject Lease is concluded at **$3,600,000 to $4,060,000** (see the Conclusion section for supporting details). Terms contained in the Subject Lease may include annual rate escalations, and other economic terms, subject to specific negotiations.

  If the Lessee is an entity other than HCA, the District has the right to purchase HCA's existing onsite personal property at book value and subsequently sell or lease those assets to the successor tenant. Depending on the assets available at lease expiration and the successor tenant's equipment needs, this right could create incremental economic value for the District (see *Personal Property Purchase Rights and Strategic Considerations*).

- **Methodology:** (1) Determine the aggregate business enterprise value of the Hospital; (2) Allocate the aggregate value to individual asset components and assign ownership between Lessor and Lessee; (3) Develop market-based lease rates for District-owned leased assets; and (4) Apply those rates to the applicable District-owned asset values to estimate an implied annual rental payment.

This letter is intended to support the District Board's evaluation of the reasonableness of lease economics; it is not intended as a recommendation of specific negotiated terms.

Purpose and Scope

Our services were performed in accordance with the Statement on Standards for Valuation Services No. 1 as established by the American Institute of Certified Public Accountants. The standard of value for our analysis was fair market value, as defined in Revenue Ruling 59-60, 1959-1 C.B. 237 as "the price at which the property would change hands between a willing buyer and willing seller when the former is not under any compulsion to buy and the latter is not under any compulsion to sell, both parties having reasonable knowledge of the relevant facts."

This report is intended for use by the District and its Board (the "Intended Users") for the limited purpose of evaluating the reasonableness of lease economics for the Hospital as of the Valuation Date (the "Intended Use"). It is not intended for, and should not be relied upon for, any other purpose (including financing, investment, or third-party transaction decisions).

Methodology

To determine the FMV of the Subject Lease, we employed the following steps:

1. ***Determine the aggregate business enterprise value of the Hospital***
   Business enterprise value (BEV) represents the aggregate value of all assets that comprise the underlying Hospital including real property, personal property, net working capital, operator tradename and other intangible assets. In a separate report as of December 31, 2025, we concluded the FMV of Hospital's business enterprise value was reasonably represented as $66.0 million (midpoint).

2. ***Allocate the business enterprise value to its various components and assign ownership***
   Weaver identified the following asset components as comprising the total value of the Hospital: land and building (land and building are collectively referred to as "Real Property"), personal property, working capital, operator tradename, and other intangible assets such as personnel. These components of value were allocated to Lessor and Lessee based on our review of the existing lease in *Figure 1.*

Figure 1: BEV Allocation and Ownership Summary

Value	Note	Value Components	HCA	Hospital District
Land	1	2,000,000	-	2,000,000
Building	1	41,300,000	-	41,300,000
Personal Property	2	12,840,000	12,840,000	-
Net Working Capital	3	5,100,000	5,100,000	-
Operator Tradename	4	2,400,000	2,400,000	-
Other Intangible Assets	5	2,360,000	-	2,360,000
Business Enterprise Value		**$66,000,000**	**$20,340,000**	**$45,660,000**

Notes

1) Based on Weaver's separate real estate valuation report as of December 31, 2025. It should be noted that the adjacent medical office building, which is currently utilized for operating administrative purposes, has been included in the values above. Also, the building value includes all construction in progress of approximately $1.0 million as of the Valuation Date.

2) Based on Weaver's separate personal property valuation report as of December 31, 2025. According to the 1995 First Restated and Amended Lease Agreement, the District has the right to "acquire the Lessee's personal property at its then book value" (Section 16.5). It should be noted Fair Market Value of $12.8 million was higher than book value of $8.1 million.

3) Non-cash working capital is defined as certain current assets (accounts receivables, inventories, deposits, etc.) less certain current liabilities (accrued payroll expenses, accounts payable, etc.) which create ongoing cash flow imbalances that are necessary to operate the business on a day-to-day basis. Estimated to be 6.5% of base year total net revenue.

4) A tradename is the name under which a business operates and identifies itself to customers. For purposes of our valuation, the Operator Tradename value represents more than brand recognition; it reflects access to established clinical protocols, quality standards, an extensive healthcare network, and substantial managerial expertise.

5) Residual value of the $66.0 million BEV as determined from the Market Approach less the value of the other assets identified above. This asset category includes, but is not limited to, licenses, certifications, accreditations, permits, and other in-place operating assets such as personnel.

To summarize, the District's share of the $66.0 million business enterprise value is reasonably represented as approximately $45.7 million, comprised of land, building, and other intangible assets, based on our review of the existing lease and related information.

3. *Determine applicable market-based rental rates regarding the underlying assets*

Real Property

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 reflect investor return requirements and perceived risk, incorporating factors such as market conditions, property type, tenant credit quality, lease structure, expense responsibilities, remaining lease term, and income stability. In the valuation of leased real property, capitalization rates are most commonly applied under the income capitalization approach to convert stabilized NOI into an indication of market value. For single-tenant properties, the selected capitalization rate reflects the financial strength of the tenant and the likelihood of uninterrupted income over the anticipated holding period. Capitalization rates derived from comparable leased transactions therefore provide market-based evidence of required returns for similar income-producing properties.

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. In this context, the capitalization rate is applied to the concluded property value to derive an implied annual NOI, which serves as an indication of a market-based rental obligation attributable to the real estate interest. This analytical framework is commonly used in healthcare real estate to assess the reasonableness of lease payments relative to underlying asset value.

Weaver analyzed recent comparable property sales with reported cap rates and reviewed Revista market data to select an appropriate overall capitalization rate applicable to the Subject Property. The cap rate transactions identified through this research are summarized in *Figure 2.*

Figure 2: Comparable Cap Rate Transactions

Overall Capitalization Rate

Market Transactions								
Address	**Size (Units)**	**Year Built/Renovated**	**Occupancy**	**Sale Price**	**Price PSF**	**Sale Date**	**Cap Rate**	**Lease Rate**
1092 US Highway 92 W, Auburndale, FL	37,151	2026/	100%	$28,500,000	$767	12/2/2025	8.77%	$67.28
215 S Power Rd, Mesa, AZ	48,000	1986/2012	-	$9,450,000	$197	11/4/2025	8.13%	$16.01
1820 E Silver Star Rd, Ocoee, FL	37,151	2025/	100%	$26,500,000	$713	7/9/2025	9.43%	$67.26
204 Energy Parkway, Lafayette, LA	53,290	1994/-	100%	$7,900,000	$148	2/14/2025	6.84%	$10.14
7171 N Military Trail, Riviera Beach, FL	70,660	2008/	100%, Sale Leaseback	$37,227,237	$527	9/16/2024	8.47%	$44.62
17400 Red Oak Dr, Houston, TX	33,016	2005/-	-	$6,700,000	$203	3/18/2024	9.50%	$19.28
Average							**8.52%**	

Market Reports						
Source	**Period**	**Location**	**Property Type**	**Low**	**High**	**Average**
Revista	1Q25	National	Hospital-General	-	-	7.40%
Weaver Comparable Sales	Past 2 Years	National	Hospital	6.84%	9.50%	8.52%

Based on the comparable sales analysis and other market data reviewed, Weaver concluded an overall capitalization rate of 8.50% as reasonably applicable to the Real Property. Our analysis assumes a single-tenant structure for both the hospital and the medical office building. Accordingly, the capitalization rate derived for the hospital component is also applied to the medical office building.

Other Intangible Assets
The lease rate attributable to the District's other intangible assets is separate and distinct from the Real Property. District-owned intangible assets (including, but not limited to, licenses, certifications, accreditations, permits, and other in-place operating assets including personnel) are assumed to be in place as of the lease commencement and available for the Lessee's use throughout the lease term. Pursuant to the lease arrangement, Lessee is required to maintain these assets during the lease term, and such assets are expected to remain available for the benefit of the District upon lease termination.

In determining an appropriate rental rate for these assets, Weaver considered the economic characteristics of the leasing arrangement. Unlike a valuation analysis, where a market participant investor would require a rate of return commensurate with the risks associated with owning and developing similar intangible assets, our lease analysis addresses the periodic compensation attributable to the Lessee's use of an established portfolio of intangible assets with a fixed value at lease commencement. Because this intangible asset base is already in place, remains owned by the District, is required to be maintained by the Lessee, and is expected to remain available to the District at the conclusion of the lease term, the District's economic exposure is more analogous to that of a capital provider earning a return on a fixed asset base than that of an equity investor assuming enterprise-level business risk.

Accordingly, Weaver considered a range of market-based financing and return benchmarks as of the Valuation Date, including: (i) the prevailing prime rate of 6.75%, (ii) long-term borrowing rates for investment-grade corporate issuers ranging from 6.0% to 7.0%, (iii) prevailing interest rates paid by publicly traded guideline companies ranging from 6.0% to 8.0%, and (iv) other relevant market data. Weaver believes these benchmarks more appropriately reflect the economic risk associated with providing Lessor access to an established and maintained base of similar intangible assets than the higher rates of return often utilized in valuation methodologies such as a Weighted Average Return on Assets ("WARA") analysis, which are designed to measure the return required by a market participant investor for ownership of intangible assets and the associated business risks.

Based on this analysis, Weaver concluded that a 6.5% annual lease rate reasonably reflects the market-supported economic benefit associated with the Lessee's ongoing use of the District's intangible assets for purposes of lease rate determination.

4. ***Apply applicable market-based rental rates to the underlying value of the leased assets.***
Figure 3 represents the application of (i) the overall capitalization rate to the concluded value of the District-owned Real Property and (ii) the selected rate to the concluded value of the District-owned other intangible assets:

Figure 3: Implied Lease Calculation (Real Property and Other Intangible Assets)

	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**

Conclusion

Based on our analysis, the FMV range of the Subject Lease is reasonably represented in *Figure 4*:

Figure 4: Concluded FMV Lease Rate Range

	Conclusion	
	Low (-6.0%)	**High (+6.0%)**
Real Property	3,460,000	3,900,000
Other Intangible Assets	140,000	160,000
Total	**3,600,000**	**4,060,000**

The FMV of the Subject Lease incorporates a +/- 6.0% range around the midpoint indication. Such payment for the Real Property component should increase annually at market-based escalation rates, all else equal. Please note certain terms included in a potential lease renewal, such as tenant improvement allowances and/or the allocation of deferred maintenance responsibilities, may impact our conclusion. In addition, future changes in market capitalization rates and/or the selected lease rate applied to other intangible assets could change the indicated lease rate range given an alternative valuation date.

Lease Scenario

Figure 5 represents the annual amount the District can expect to receive from Lessor for its Real Property and other intangible assets assuming a 30-year lease agreement. We have assumed the rent for Real Property increases by a 3.0% annual market-based escalation rate.

Figure 5: Annual Lessor Payments to District

	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

Personal Property Purchase Rights and Strategic Considerations

If the Lessor is an entity other than HCA, the District has the right to purchase HCA's existing personal property at book value, which was approximately $8.1 million as of December 31, 2025. Because the book value is below the estimated fair market value of $12.8 million, the District could potentially realize an immediate gain of approximately $4.7 million by acquiring the assets and subsequently selling them to a new tenant. Alternatively, rather than selling the assets outright, the District could elect to lease some or all of the personal property to the successor tenant.

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

1. <u>Future Asset Composition and Value</u>
   The composition and value of the onsite personal property at lease expiration may differ materially from that reflected in the December 31, 2025 valuation. To the extent HCA relocates, replaces, or retires

equipment prior to lease expiration—such as the Da Vinci Robot, which has an estimated fair market value of approximately $900,000 but a book value of zero—the value and mix of assets available for purchase could change significantly.

2. Successor Tenant Equipment Needs
   There is no assurance that a successor tenant will want to acquire or lease all of HCA's existing personal property. Factors such as asset age, condition, functionality, integration requirements, operational preferences, and capital replacement plans may reduce demand for certain items. As a result, the District may wish to be selective in exercising its purchase rights if there is uncertainty regarding the ability to resell or lease specific assets.

3. Leasing Structure Considerations
   If the District elects to lease the personal property to a successor tenant rather than sell it, key lease terms would need to be established, including the remaining useful life of the assets, lease duration (which may vary by asset type and typically ranges from one to ten years), and an appropriate financing or required rate of return. These assumptions will materially influence the economic value and feasibility of a leasing arrangement.

Qualifying Assumptions and Limitations

Our analysis should be understood within the context of the following:

- Over the last few years, we understand the Hospital has been undergoing considerable plant (e.g. electrical, HVAC, etc.) upgrades. To the extent there are material deferred maintenance costs necessary to maintain operations, adjustments to Subject Lease may be warranted.
- In performing our analysis, we have assumed we were provided accurate and reliable data. We have NOT performed any assurance services regarding data provided, and do not express any such opinion. As such, our analysis cannot be relied on to disclose errors, fraud, or other illegal acts that may exist. We have further relied upon parties to disclose any material information which would be relevant to our analysis.
- Our analysis should NOT be construed in any way as providing our opinion of the fairness of an actual or proposed transaction, a solvency opinion, or an investment recommendation.
- Our analysis reflects known or knowable circumstances as of December 31, 2025. Subsequent events may have a material impact to our analysis, and the parties should ascertain the continued relevancy of our work at the time of any transaction.

Certification

We certify that, to the best of our knowledge and belief:

- The statements of fact contained in this analysis are true and correct, subject to the assumptions and conditions stated.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, impartial, unbiased, and professional analyses, opinions, and conclusions.
- Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
- Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined result or direction in result that favors the cause of the Client or the occurrence of a subsequent event directly related to the intended use of this analysis.
- Our analyses, opinions, and conclusions were developed, and this report has been prepared in conformity with the American Institute of Certified Public Accountants' Statement on Standards for Valuation Services No.1 and the National Association of Certified Valuation Analyst Professional Standards.
- None of the professionals who worked on this engagement nor the partners of Weaver and Tidwell, L.L.P. have any present or contemplated future interest in this matter, any personal interest with respect to the parties involved, or any other interest that might prevent us from performing an unbiased analysis.

Best,

Corey A. Palasota

Corey Palasota
Partner, Healthcare Valuation Services
corey.palasota@weaver.com