



LYTHAM PARTNERS INVESTOR CONFERENCE MARCH 30, 2021 - APRIL 1, 2021



Overview

*Water &
Wastewater
Development*

*Land
Development*

BTR

*Oil and
Gas*

Appendix

Presented by Mark Harding, CEO

SAFE HARBOR STATEMENT

Statements that are not historical facts contained or incorporated by reference in this presentation are “forward-looking statements” (“FLS”) within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933 and Section 21C of the Securities Exchange Act of 1934 as amended. FLS involve risks and uncertainties that could cause actual results to differ from projected results. The words “anticipate,” “believe,” “estimate,” “expect,” “plan,” “intend” and similar expressions, as they relate to us, are intended to identify FLS. Such statements reflect our current views with respect to future events and are subject to certain risks, uncertainties and assumptions. We are not able to predict all factors that may affect future results. We cannot assure you that any of our expectations will be realized. Our actual results could differ materially from those discussed in or implied by these forward-looking statements. Factors that may cause actual results to differ materially from those contemplated by such FLS include, without limitation: the risk factors discussed in our most recent Annual Report on Form 10-K; the timing of new home construction and other development in the areas where we may sell our water, which in turn may be impacted by credit availability; population growth; employment rates; general economic conditions; the market price of water; changes in customer consumption patterns; changes in applicable statutory and regulatory requirements; changes in governmental policies and procedures; uncertainties in the estimation of water available under decrees; uncertainties in the estimation of costs of delivery of water and treatment of wastewater; uncertainties in the estimation of the service life of our systems; uncertainties in the estimation of costs of construction projects; the strength and financial resources of our competitors; our ability to find and retain skilled personnel; climatic and weather conditions, including flood, droughts and freezing conditions; labor relations; availability and cost of labor, material and equipment; delays in anticipated permit and construction dates; environmental risks and regulations; our ability to raise capital; our ability to negotiate contracts with new customers; and uncertainties in water court rulings; and other factors discussed from time to time in our press releases, public statements and documents filed or furnished with the SEC.

COMPLEMENTARY SEGMENTS

Driving value for stakeholders with land and water investments



Water and Wastewater Resource Development Segment

- Own a large and valuable portfolio of water rights
- Sustainable ground and surface water rights we estimate can serve up to 60,000 SFEs
- Denver metro land development requires developers to have water service as a condition of zoning, offering us a competitive edge
- Provide industrial and oil and gas customers with water



Land Development Segment

- Own property in highly attractive and easily accessible I-70 Corridor of Denver, Colorado
- Developing nearly 1,000 acres of a full Master Planned community known as Sky Ranch.
- Sky Ranch has over 3,400 residential units and over 2 million square feet of retail, commercial and industrial uses
- Developing residential and commercial land for which we are the sole water and wastewater service provider
- Retain ownership of portions of property to receive residual benefit

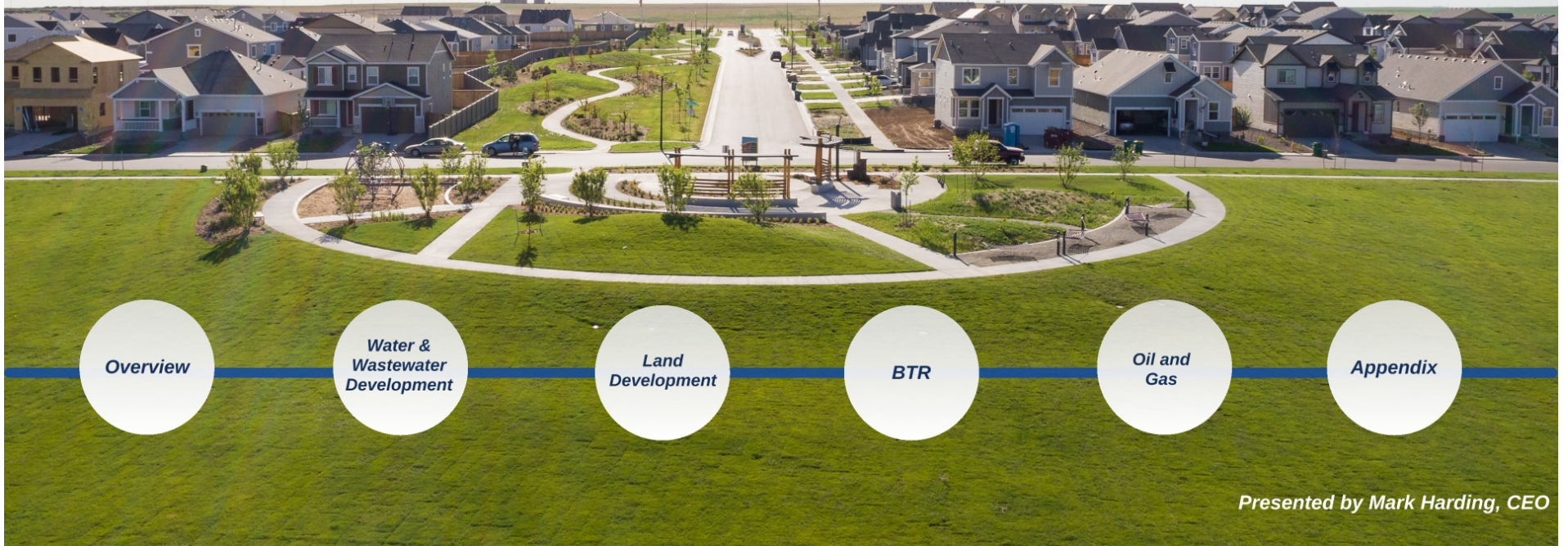


Build-to-Rent Segment

- Develop single family homes in the Denver metro area in neighborhoods we are developing
- Receive rental income in growing housing market
- Benefit from immediate asset appreciation and accretive cash flows
- Provide water and wastewater service to rental properties



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WHOLESALE WATER AND WASTEWATER

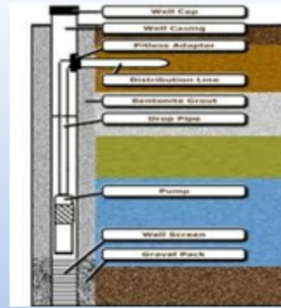
Wastewater



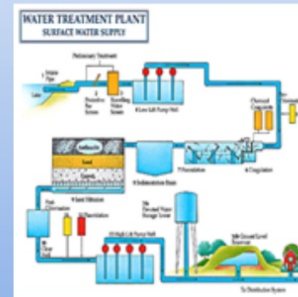
Collection



Wells/Diversion



Treatment



Distribution



Irrigation reuse

Use



AT A GLANCE

Large water portfolio in water-short Denver

Company owns or controls 29,000+ acre feet of groundwater & surface water which we estimate can serve 60,000 taps

Own rights to surface reservoir storage assets

Principle business interests are to deliver wholesale water and wastewater service

One-Time Connection Fees:

Water tap fees \$27,753

Sewer tap fees \$4,847

Capital capacity \$2.0BN

Annual Usage Charges:

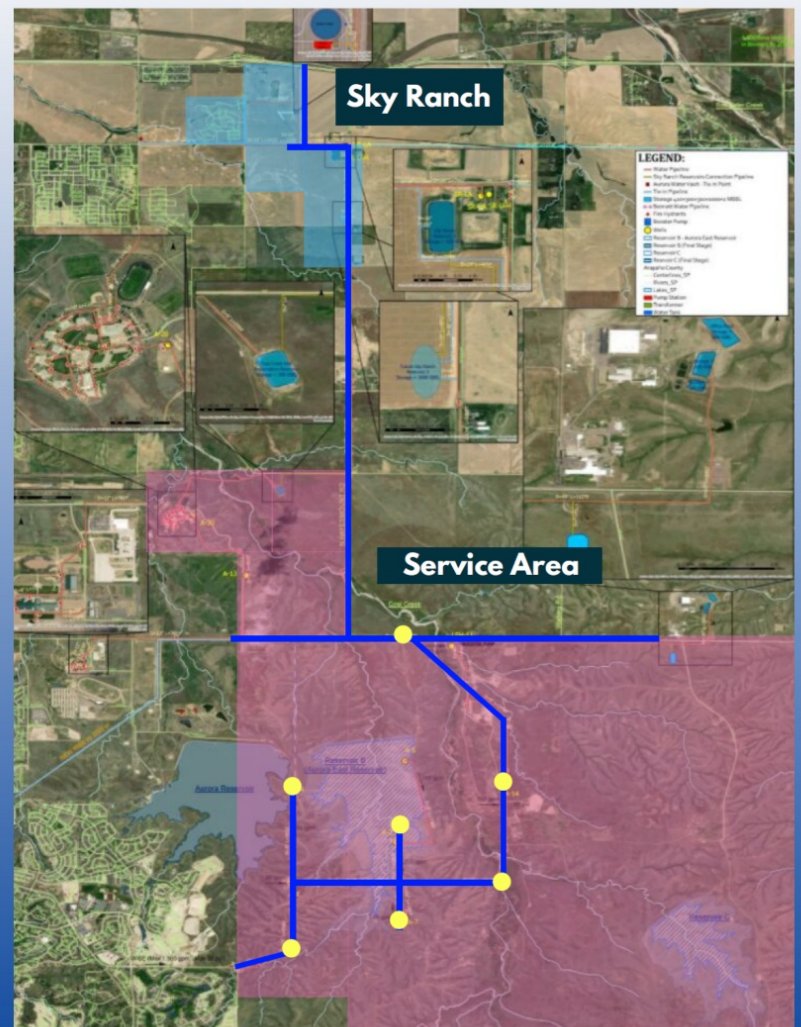
Avg. Metered Water & Sewer \$1,500/SFE/yr.

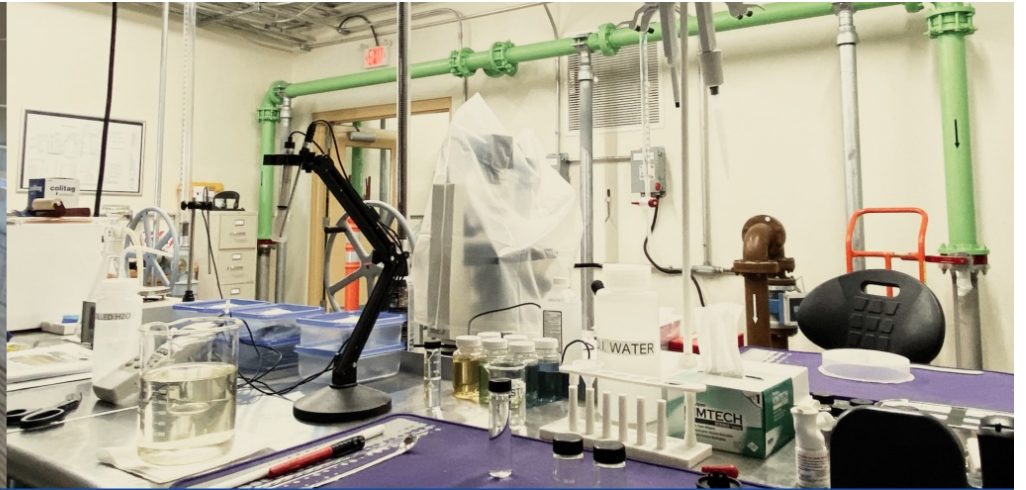
Buildout Annual Revenues \$90mm/yr.

WATER INFRASTRUCTURE



Own or control over 29,000 acre-feet of water along the Denver Front Range





WATER RECLAMATION FACILITY

(100% Reuse Facility)

- Construction of this \$10 million investment completed in February 2020
- Comprised of a state-of-the-art two-story 30' x 60' pretreatment building and a two-story 69' x 167' main plant structure.
- Active odor control technology.
- Provides highly treated irrigation and other reclaimed water uses and can service up to 2,000 single family equivalent units in Sky Ranch.
- A “green roof” will cover 90% of the Main Plant.



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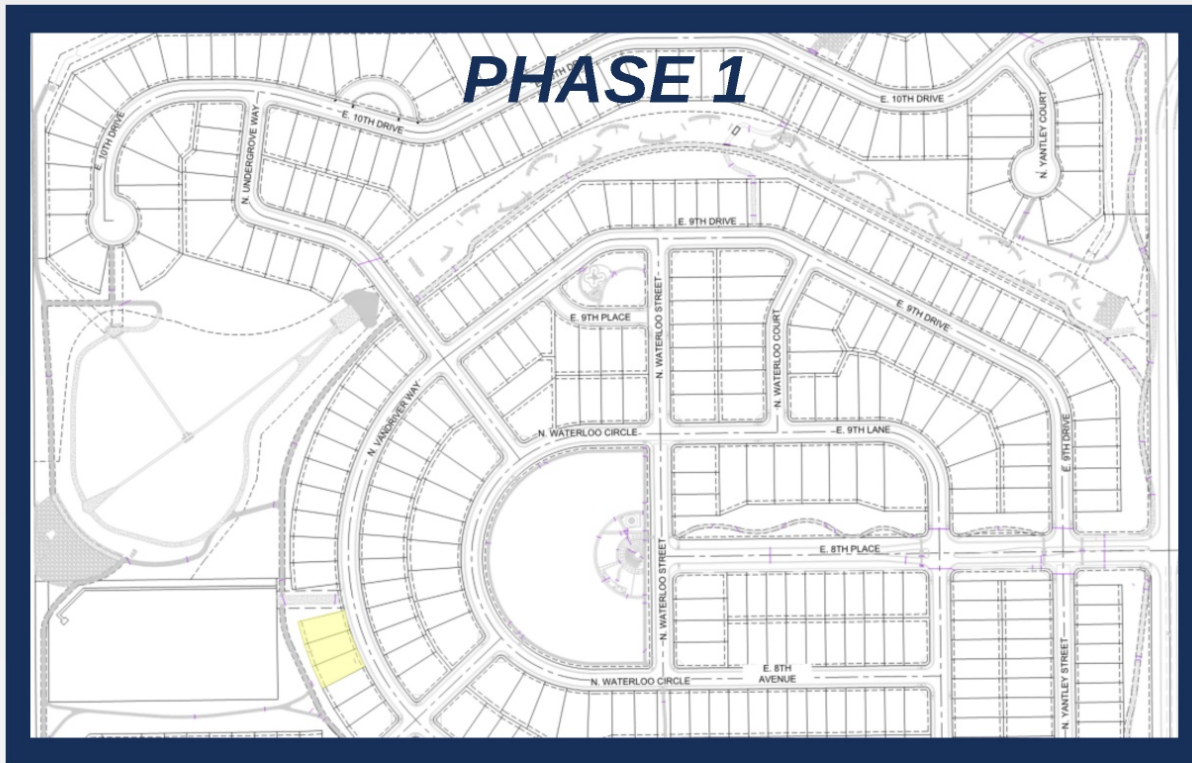
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LAND DEVELOPMENT

- Developing the 930 acre Sky Ranch
- Can accommodate up to 3,400 residential lots
- Can Accommodate up to 2 million square feet of commercial development (1,600 SFE's)
- 15 miles east of downtown Denver and 4 miles south of DIA



Phase Progress



- All lots delivered (509)
- Nearly 300 residents
- 115 homes under construction
- Estimated to be fully occupied December 2021
- Recognized \$36.7 million in lot revenue to date
- Recognized \$11.5 million in tap fees to date

PARTNERING
HOMEBUILDERS



- Nearly 900 lots in total
 - 789 lots under contract with home builders
 - 100+ lots reserved for BTR purposes (In yellow)
- Broke ground February 2021
- Initial lots expected to be delivered late calendar 2021
- Estimated lot revenues of \$72.6 million
- Estimated tap fees of \$21.5 million
- Estimated \$48 million of reimbursable costs

PARTNERING HOMEBUILDERS

D·R·HORTON®
America's Builder

CHALLENGER
HOMES

LENNAR®

kb
HOME

Phase 2





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An aerial photograph of a suburban neighborhood. In the foreground, there is a large green lawn and a paved path that curves through it. In the background, there are several houses with dark roofs and light-colored siding. A large, semi-transparent white circle is overlaid on the image, containing text. The text is in a dark blue box, and there is a smaller white circle containing text on the right side of the main circle.

BUILD-TO-RENT

Build-to-Rent (BTR) is the construction of single family homes with the intent to retain them for long-term rental purposes. Pure Cycle is working with experienced home builders to construct these houses, which Pure Cycle will own and maintain these properties, taking on a new role as property manager.

"The BTR model is ideal for our highly appreciated land and water assets, allowing us to build an accretive high margin recurring revenue product while maintaining our highly liquid balance sheet using inexpensive capital for the incremental cost of building each home" stated Mark W. Harding, President and CEO

***Our Strategy
and Projections***

DENVER MARKET

Strong Real Estate Market, Rentals Popular

- Denver market is among the top 5 home markets in the US
- Sky Ranch lots are selling fast, over half of first phase houses are occupied
- Home ownership is not an option for 55% of U.S. Counties
- Single family rentals are more stable than apartments or purchase options

SKY RANCH

Single Family Homes in a Great Location

- Sky Ranch is one of Denver's most affordable and attractive master planned communities along the I-70 corridor
- 100+ homes in the first two phases of Sky Ranch
- New K-12 Charter School approved (estimated open date 8/2022)
- Houses located in proximity to DIA, Amazon Fulfillment Center, and other large job centers

PURE CYCLE

Numerous Benefits for Pure Cycle

- BTR homes diversifies our balance sheet and adds significant recurring revenue and cash flow
- Flexibility and scalability for quick decisions
- Substantial balance sheet growth using working capital and inexpensive borrowed capital
- Immediate asset appreciation of approximately \$100,000 per house, due to low water and lot costs (using current estimated market values)

FINANCIAL

Solid Financial Outlook

- Each BTR home will provide estimated annualized average revenue of \$33K
- This is about 20 times more than the \$1.5K of annualized water and wastewater revenue we receive per home
- Average annual net cash flows of \$15K per home

	Pro Forma Single house Monthly	Pro Forma Single house Annualized
Rental income	\$ 2,800	\$ 33,600
Operations, repairs and maintenance	150	1,800
Property Taxes and insurance	398	4,780
Interest Expense	945	11,337
Cash flow	\$ 1,307	\$ 15,683

Assumptions

- Rental income is estimated based on average rental rates in surrounding communities with a similar home
- Optional additional services such as yard and snow maintenance included in rent and cost
- Current staffing will provide property management services for the foreseeable future
- Property taxes based on current mills in Sky Ranch
- Interest expense based on current finance offering for a 30-year amortizing loan at 3.75%
- Cost of homes will be amortized using the straight-line depreciation method over thirty years, which is a non-cash charge and not included in the cash projections table above

1 Net operating income/market value. Excludes interest and depreciation.

Annualized
Average
Estimated
Rental Revenue
per Home of
\$33K

Annualized
Average
estimated cash
flow per Home
of \$15K

Annualized
Estimated
Capitalization
Rate ¹
6%

PER HOUSE ESTIMATES

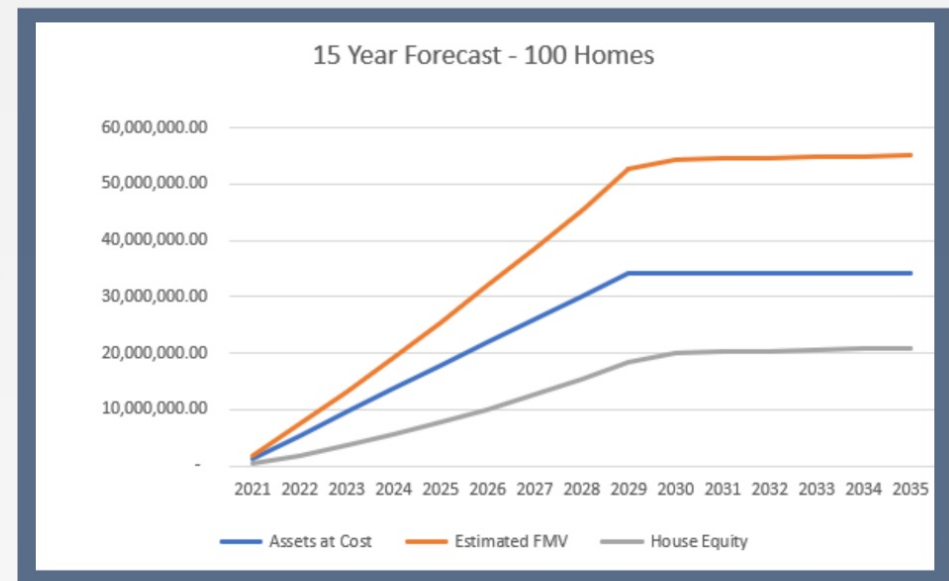
Capitalized costs
\$342K

Financed costs
\$317K

Fair market value
\$450K

Assumptions

- Flexible debt usage, up to 80% of appraised value
- Low cost capital (3.75%)
- House fair market value estimated at \$450,000 based on homes sold in Sky Ranch per NMLS
- Annual appreciation estimated at 4% per year
- Estimated construction of 12 homes per year





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OIL & GAS ACTIVITIES

Legend

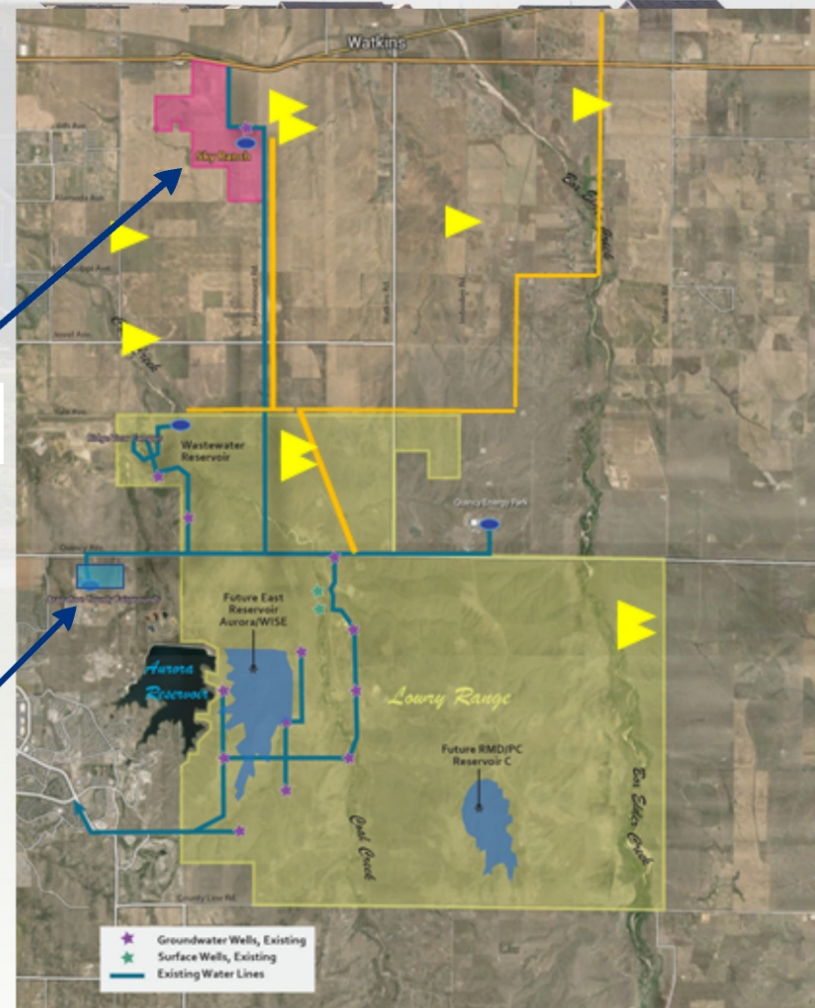
-  Service Area
-  Lowry Range
-  Sky Ranch
-  Gas Collection
-  Water Transmission
-  Wells Drilled to date 2019

Approximately 100 wells drilled to date total

Southern
Wattenberg
Niobrara

Sky Ranch

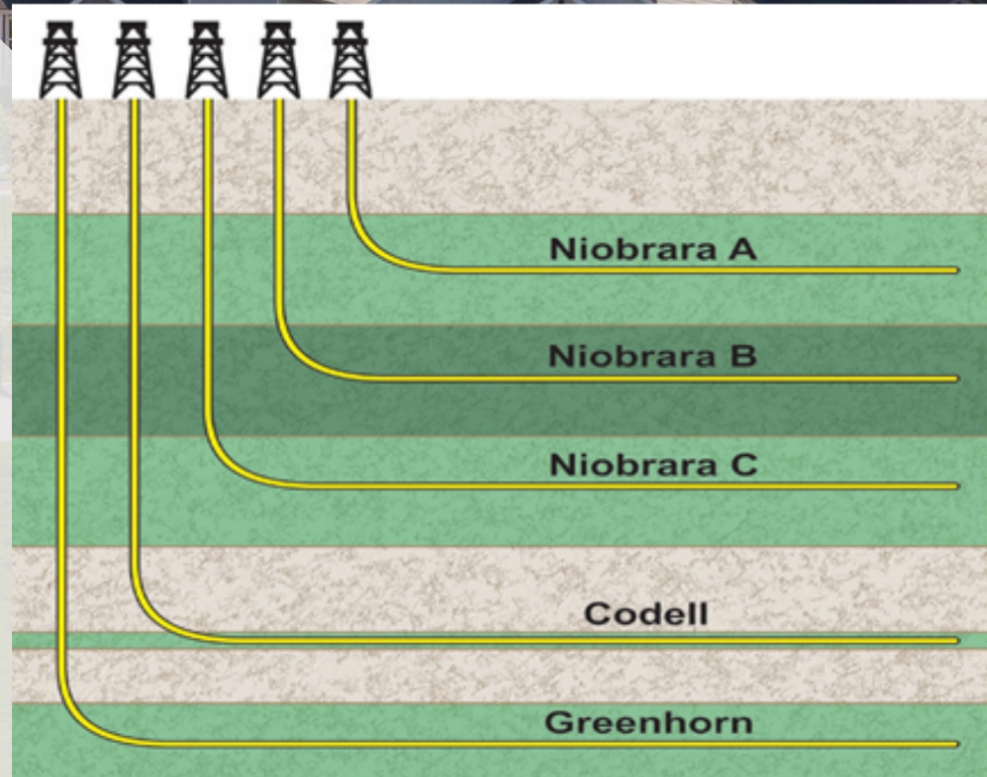
Arapahoe
County
Fairgrounds



Southern Wattenberg Niobrara

More than 200 square miles in Adams & Arapahoe Counties

- Five Possible Formations
- Pad Development: 40 Acre spacing
- 16 wells/mile formation
- Over 10,000 well capacity
- Average \$250,000 per well





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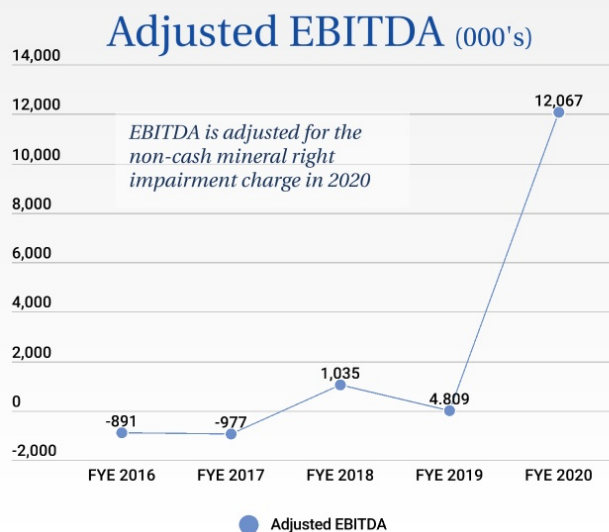
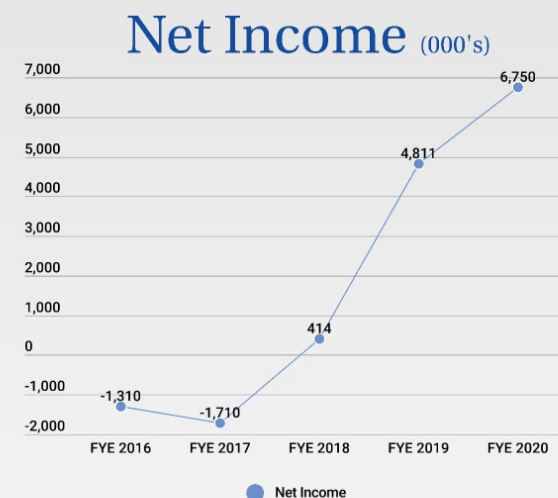
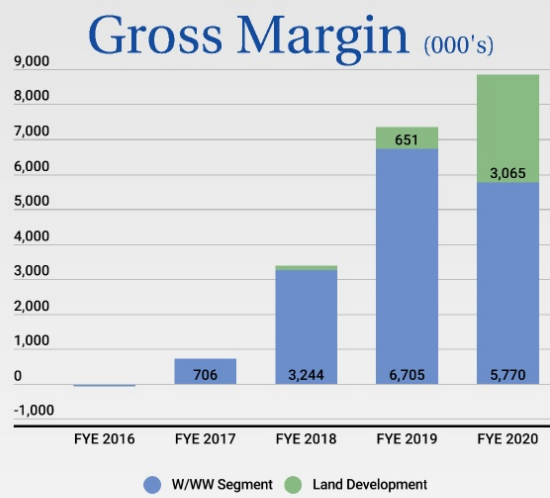
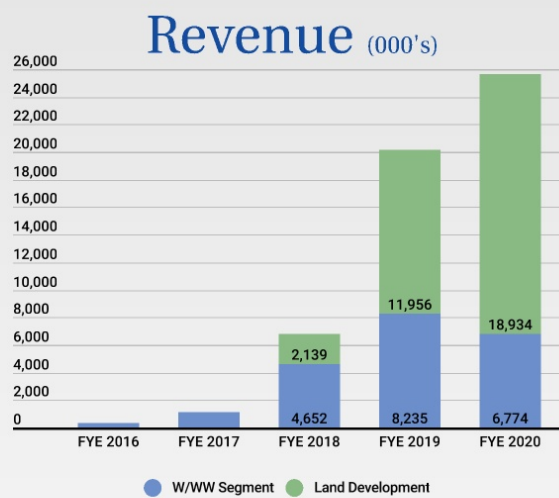
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\$21.8M

Cash

\$60.5M

**Gross invested
in water
resources**

\$82.0M

**Shareholders'
equity**

**All stats as of
fiscal year end 2020**

**Financial
Statements**

SUMMARY BALANCE SHEET INFORMATION

ASSETS:	November 30, 2020 (Unaudited)	August 31, 2020	\$ Change	% Change
Current Assets:				
Cash and cash equivalents	\$ 21,303	\$ 21,797	\$ (494)	(2%)
Land development inventories	-	481	(481)	(100%)
All other current assets	3,055	3,713	(658)	(18%)
Total current assets	24,358	25,991	(1,633)	(6%)
Investments in water and water systems, net	55,165	55,087	78	0%
All other long-term assets	9,430	8,683	747	9%
Total assets	\$ 88,953	\$ 89,761	\$ (808)	(1%)
LIABILITIES:				
Current Liabilities:				
Accounts payable and accrued liabilities	\$ 2,364	\$ 2,783	\$ (419)	(15%)
All other current liabilities	2,058	3,435	(1,377)	(40%)
Total current liabilities	4,422	6,218	(1,796)	(29%)
All long-term liabilities	1,556	1,499	57	4%
Total liabilities	5,978	7,717	(1,739)	(23%)
Total shareholders' equity	82,975	82,044	931	1%
Total liabilities and shareholders' equity	\$ 88,953	\$ 89,761	\$ (808)	(1%)

SUMMARY INCOME STATEMENT INFORMATION

	Three Months Ended November 30,		\$ Change	% Change
	2020	2019		
	(unaudited)			
Revenues:				
Metered water usage				
Municipal water usage revenues	\$ 167	\$ 103	\$ 64	62%
Oil and Gas water usage revenues	1,199	37	1,162	3,141%
Wastewater treatment revenues	42	20	22	110%
Lot fee revenue	2,356	8,542	(6,186)	(72%)
Water and wastewater tap revenue	1,083	1,672	(589)	(35%)
Other revenue	21	86	(65)	(76%)
Total revenues	\$ 4,868	\$ 10,460	\$ (5,592)	(53%)
Expenses:				
Water service operations	\$ (545)	\$ (254)	\$ (291)	115%
Wastewater services operations	(92)	(26)	(66)	254%
Lot fee construction costs incurred	(1,719)	(8,063)	6,344	79%
Other	(24)	(24)	-	0%
Depreciation and depletion	(365)	(219)	(146)	67%
Total cost of revenues	(2,745)	(8,586)	5,841	68%
Gross profit	2,123	1,874	249	13%
General and administrative expenses	(1,086)	(801)	(285)	36%
Depreciation	(84)	(85)	1	1%
Operating income	953	988	(35)	(4%)
Income from reimbursables	-	6,276	(6,276)	(100%)
Other income	152	386	(234)	(61%)
Net income before taxes	1,105	7,650	(6,545)	(86%)
Income tax expense	(260)	(1,887)	1,627	86%
Net income	\$ 845	\$ 5,763	\$ (4,918)	(85%)
Earnings per fully diluted share	\$ 0.04	\$ 0.24	\$ (0.21)	(85%)

LEADERSHIP AND BOARD OF DIRECTORS

Mark W. Harding
President and CEO

Kevin B. McNeill
Vice President and CFO

Patrick J. Bierne
Chairman of the Board

Peter C. Howell
Director and Chairman of
the Audit Committee

Jeffrey G. Sheets
Director and Chairman of the
Nominating and Governance
Committee

Arthur G. Epker III
Director and Chairman of
the Compensation
Committee

Daniel R. Kozlowski
Director

Fredrick A. Fendel III.
Director

CONTACT AND COMPANY INFORMATION

CORPORATE HEADQUARTERS

34501 E. Quincy Ave, BLDG 34, Watkins, CO 80137

CONTACT INFO

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www.purecyclewater.com

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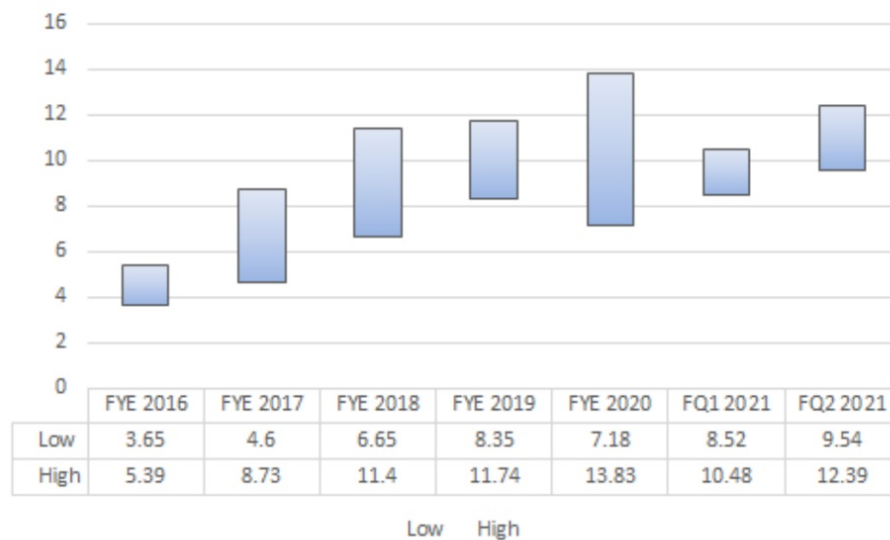
@PureCycleCorp 

STOCK INFO

Ticker symbol (NASDAQ Capital Market): PCYO

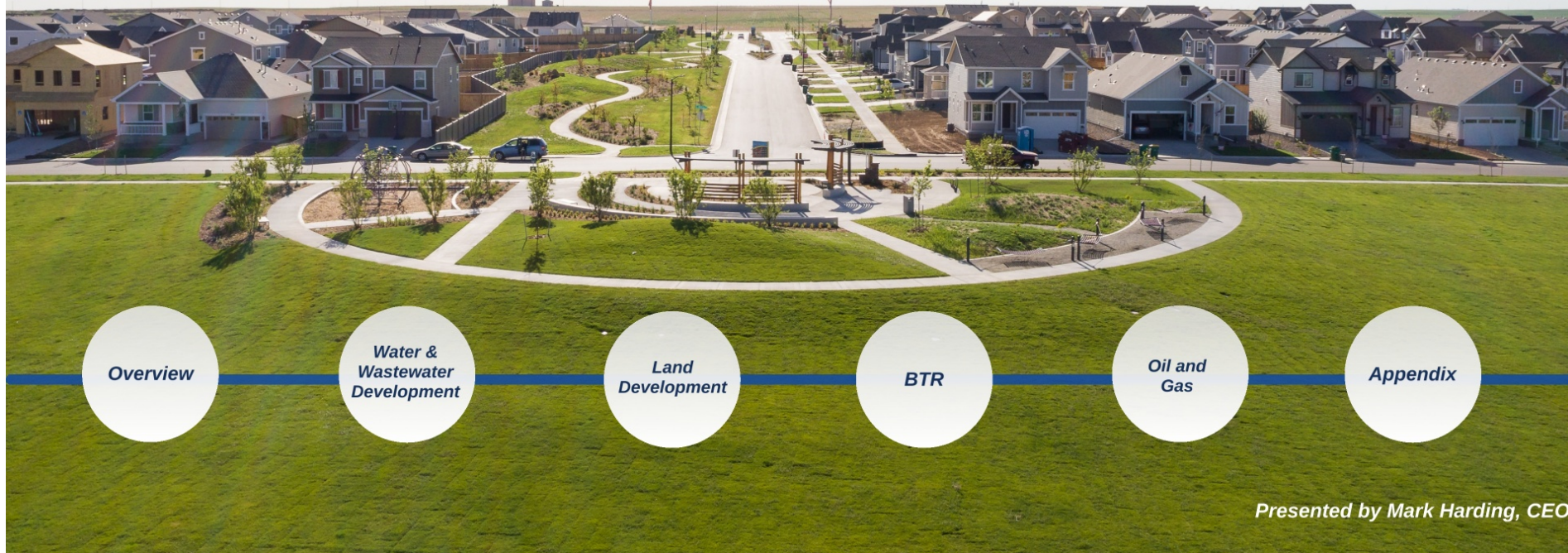
Shares outstanding: 23.9 million

PCYO STOCK PRICE RANGE





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