



Financial Results for the Quarter Ending November 30, 2019

PRESENTED BY MARK
HARDING



"SAFE HARBOR" STATEMENT UNDER THE UNITED STATES PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

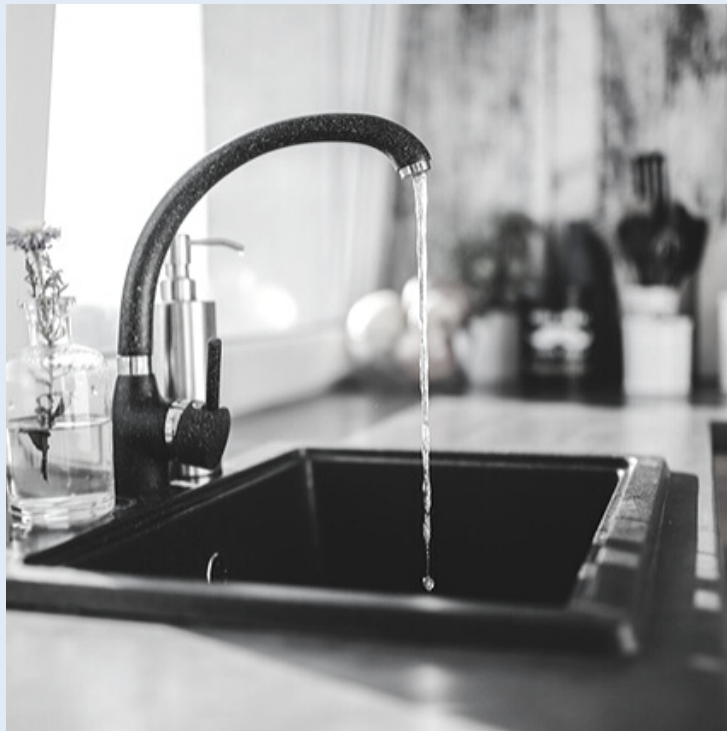
Statements that are not historical facts contained or incorporated by reference in this presentation are “forward-looking statements” (“FLS”) within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933 and Section 21C of the Securities Exchange 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.

All FLS are expressly qualified by these cautionary statements.

KEY ASSETS



27,000 Acre
Feet of water



930 Acre Zoned
Master Plan
Community



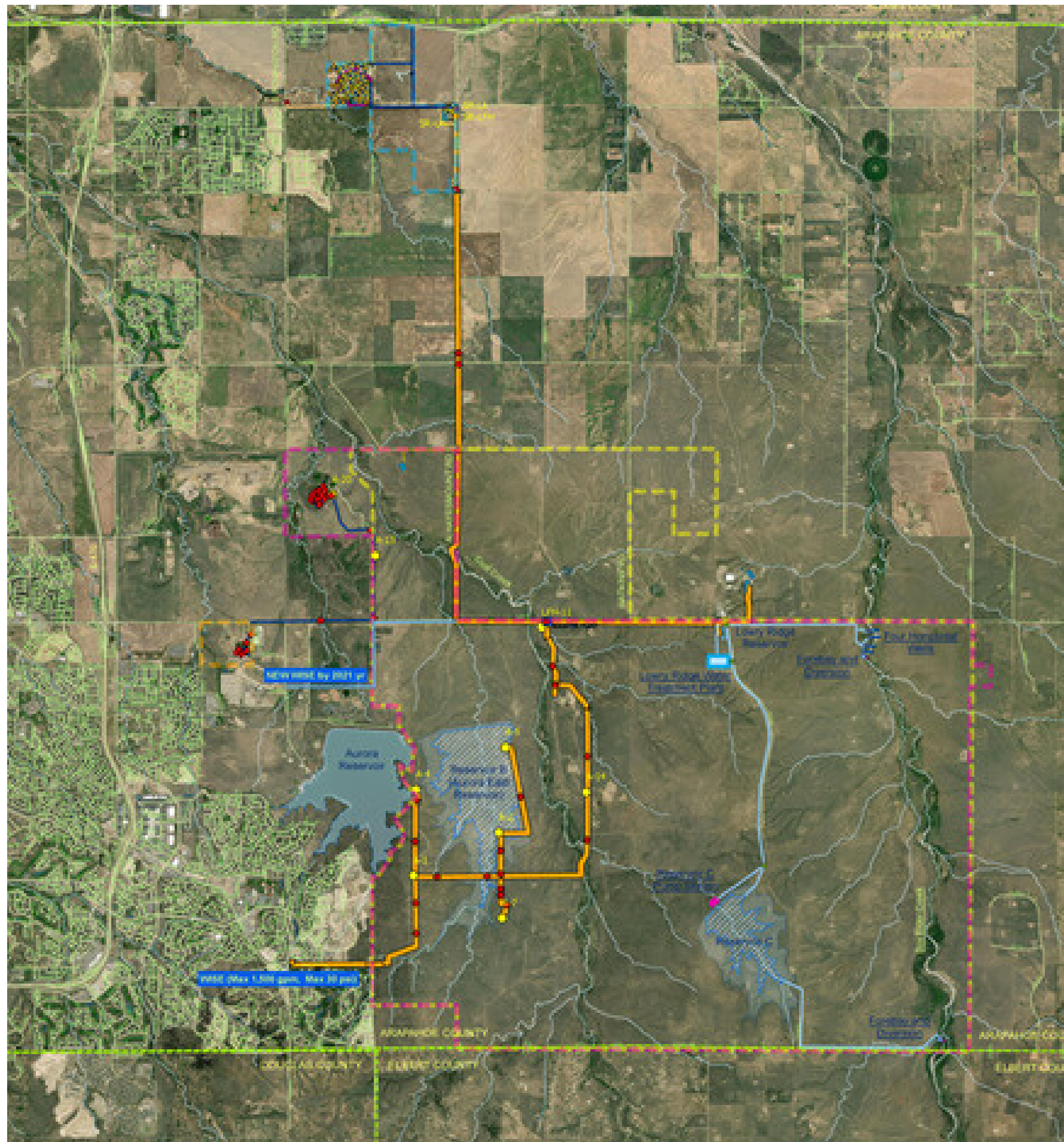
Industrial
Water Sales



O&G
Royalties

ALL OF THESE KEY ASSETS CONTRIBUTE TO YOUR SHAREHOLDER VALUE

WATER UTILITY ASSETS



- 27,000 acre feet of water
- 11 groundwater wells
- 3 alluvial wells
- 150 acre feet surface storage
- 2 million gallons finished water storage
- 2 wastewater Reclamation Facilities
- 20 miles of transmission lines
- 15 miles of distribution lines
- 10 miles of collection lines
- 3 pump stations

KEY FACTORS

MASTER PLANNED COMMUNITY - SKY RANCH



LAND

931 Acres Located on the I-70
Corridor

LOCATION

16 miles East of Downtown Denver
4 miles South of DIA

HOME

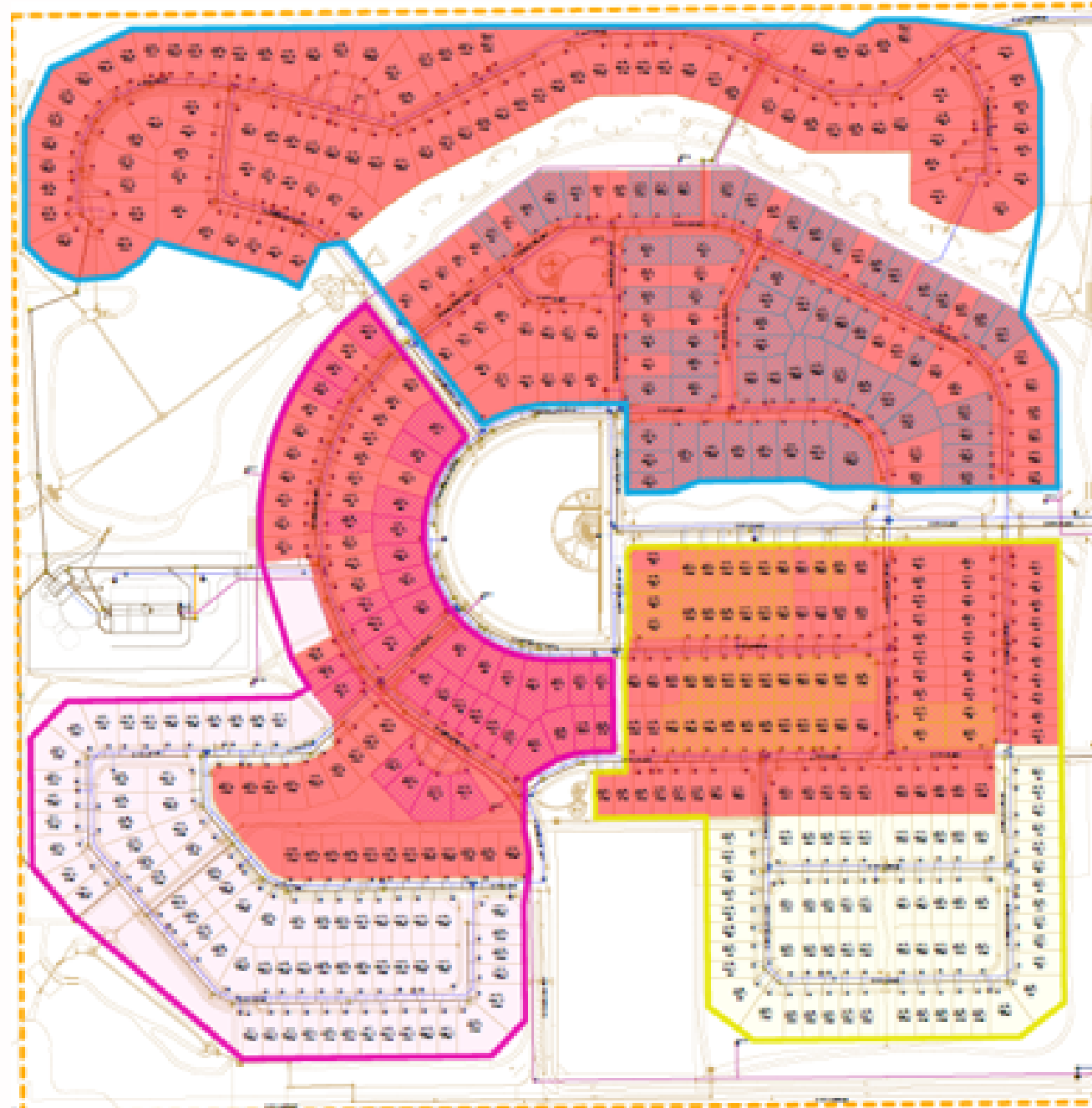
Zoned for 3,400 homes and 2.3
million sq. feet of commercial and
retail property (total of 5,000 SFE's
combined)

INFRASTRUCTURE

LOT DELIVERY

First Phase for Development (151 Acres)

- Sold all 506 lots before breaking ground
- Delivered 372 Finished lots
- All Wet Utilities, drainage, electric, and 90% roadway for remaining 134 lots
- 40 Residents in Community
- Issued 152 Building permits
- Sold 175 Water and Wastewater Taps
- 100 homes under construction
- Expect to deliver remaining 134 Lots September 2020
- Water Reclamation Facility complete



PHASE 1 – “NEIGHBORHOOD B” 506 LOTS

SKY RANCH UPDATE



HOME SALES

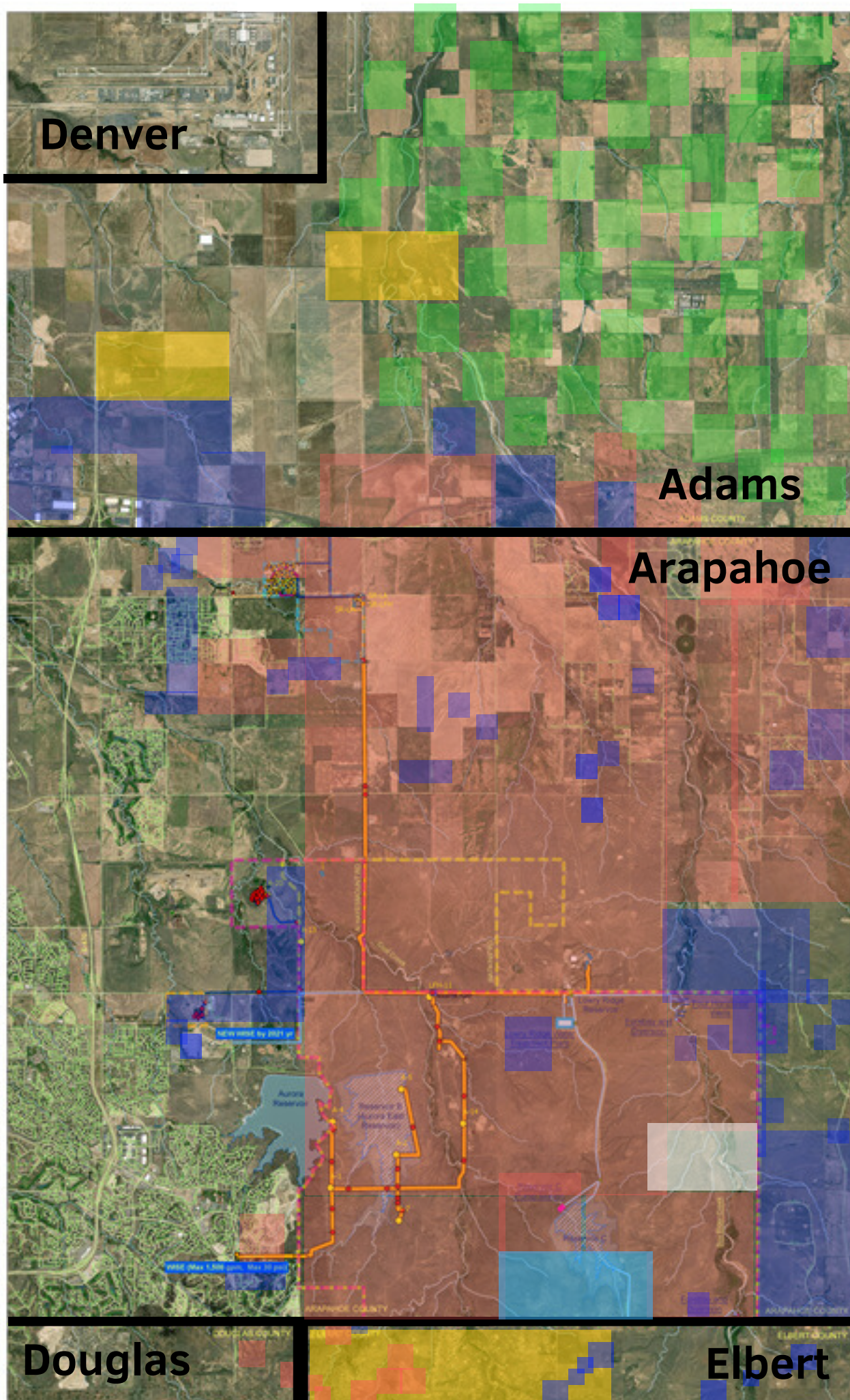
Approximately 40 Residents
Averaging 6 homes/builder/mo.

AVERAGE LOT SALES

Avg. home builders \$71,750 (↑2.5%)
Reimbursables Paid \$20,760
Remaining Reimbursables est. \$20,000
Total \$112,510







OIL & GAS ACTIVITIES

SOUTHERN WATTENBERG NIOBRARA



Repositioning of Assets in the Southern Wattenberg Feild

- ConocoPhillips has entered into an agreement with Crestone Peak Resources
- Occidental acquired Anadarko

Occidental/Anadarko		(approx. 20,000 Acres)
Extraction		(approx. 69,000 Acres)
Conoco (Crestone)		(approx. 100,000 Acres)
GMT		
True		
Other		

PHASE 2- NEIGHBORHOOD A

480 Acres

Development to accommodate:

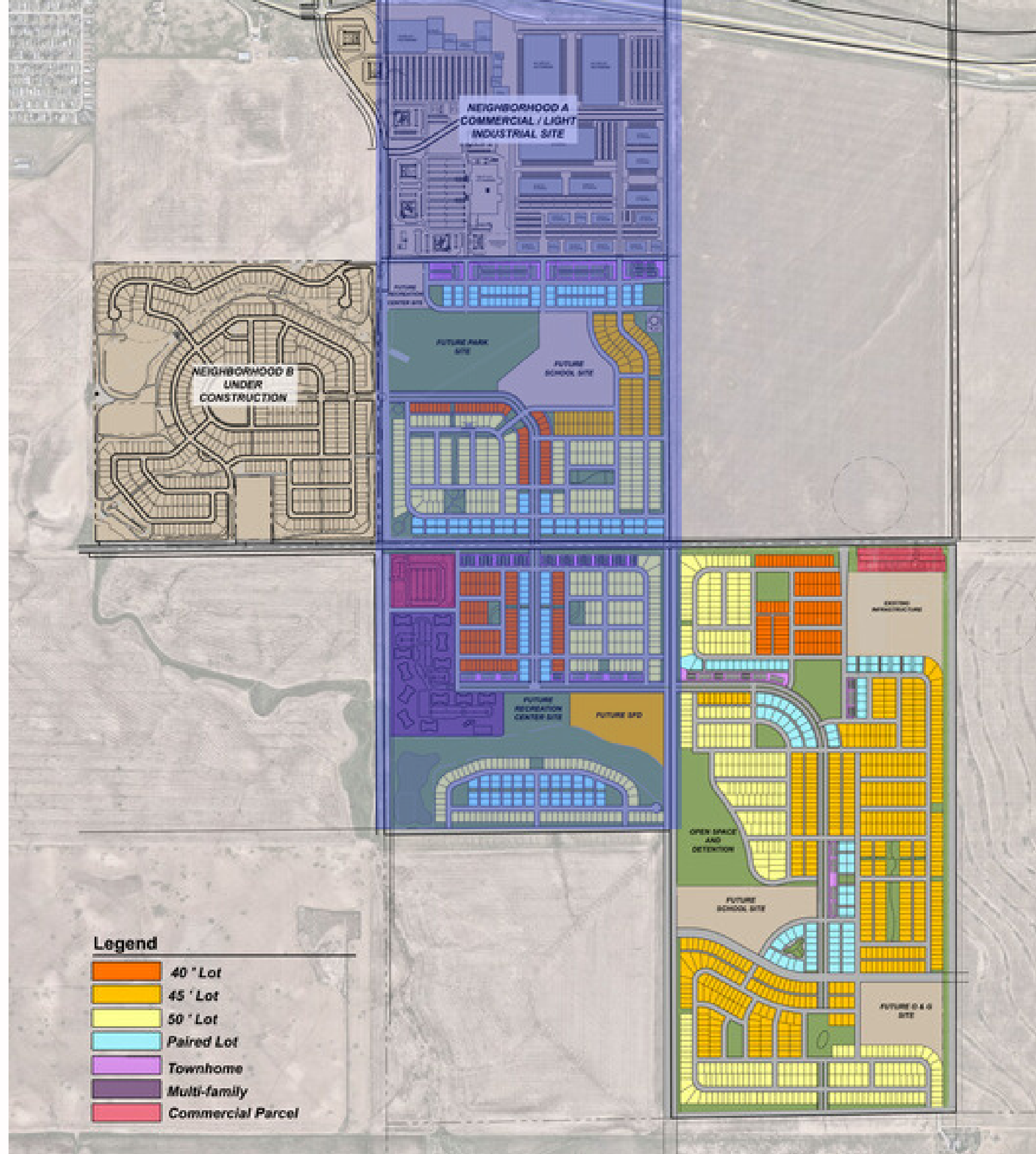
- 160 acres of commercial, retail and light industrial
- Multifamily residential
- Attached single family
- Detached single family

May include between 2,500 – 3,000 SFE's

Grading Fall 2020, lot delivery
Summer '21

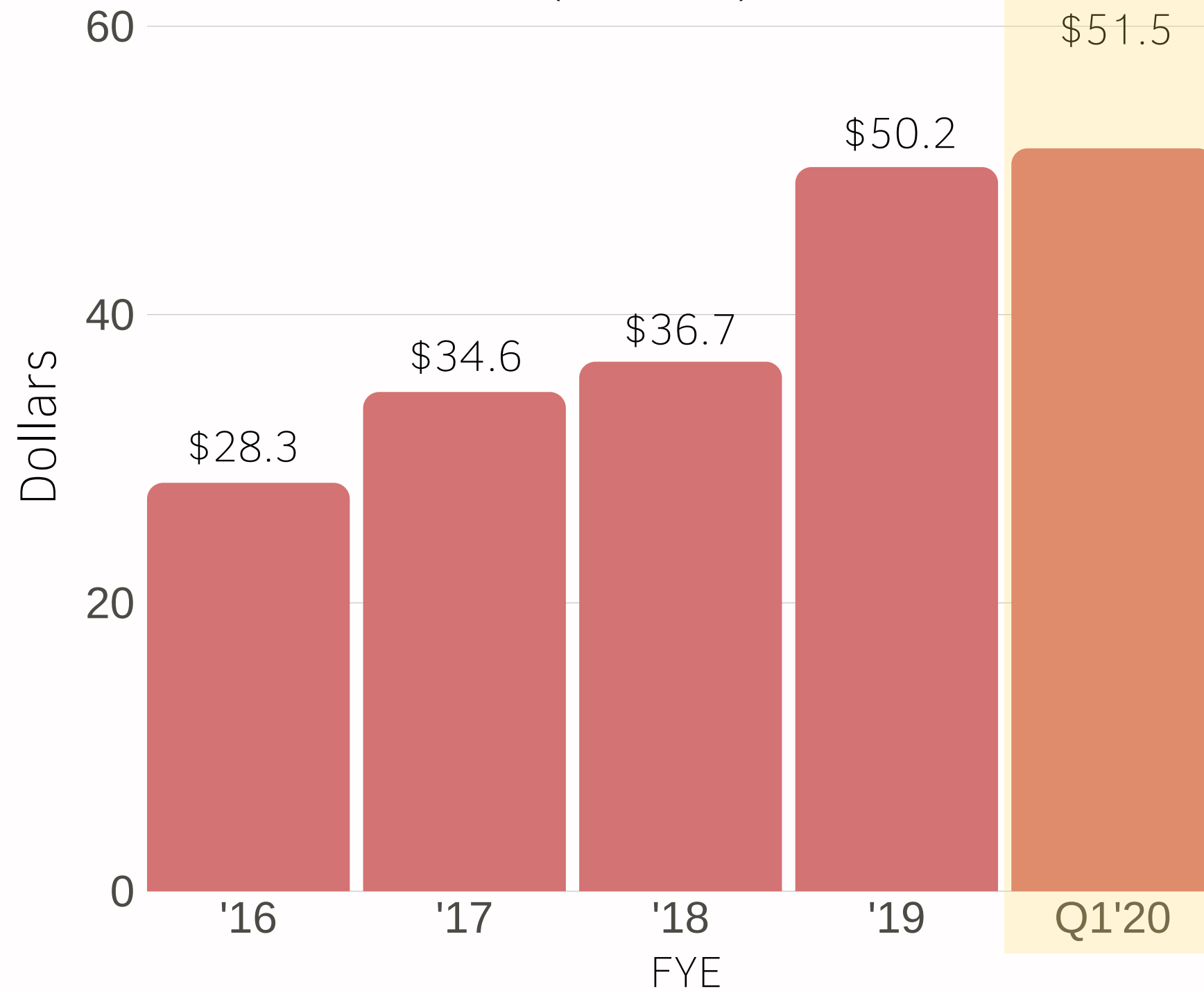
Legend

- 40' Lot
- 45' Lot
- 50' Lot
- Paired Lot
- Townhome
- Multi-family
- Commercial Parcel



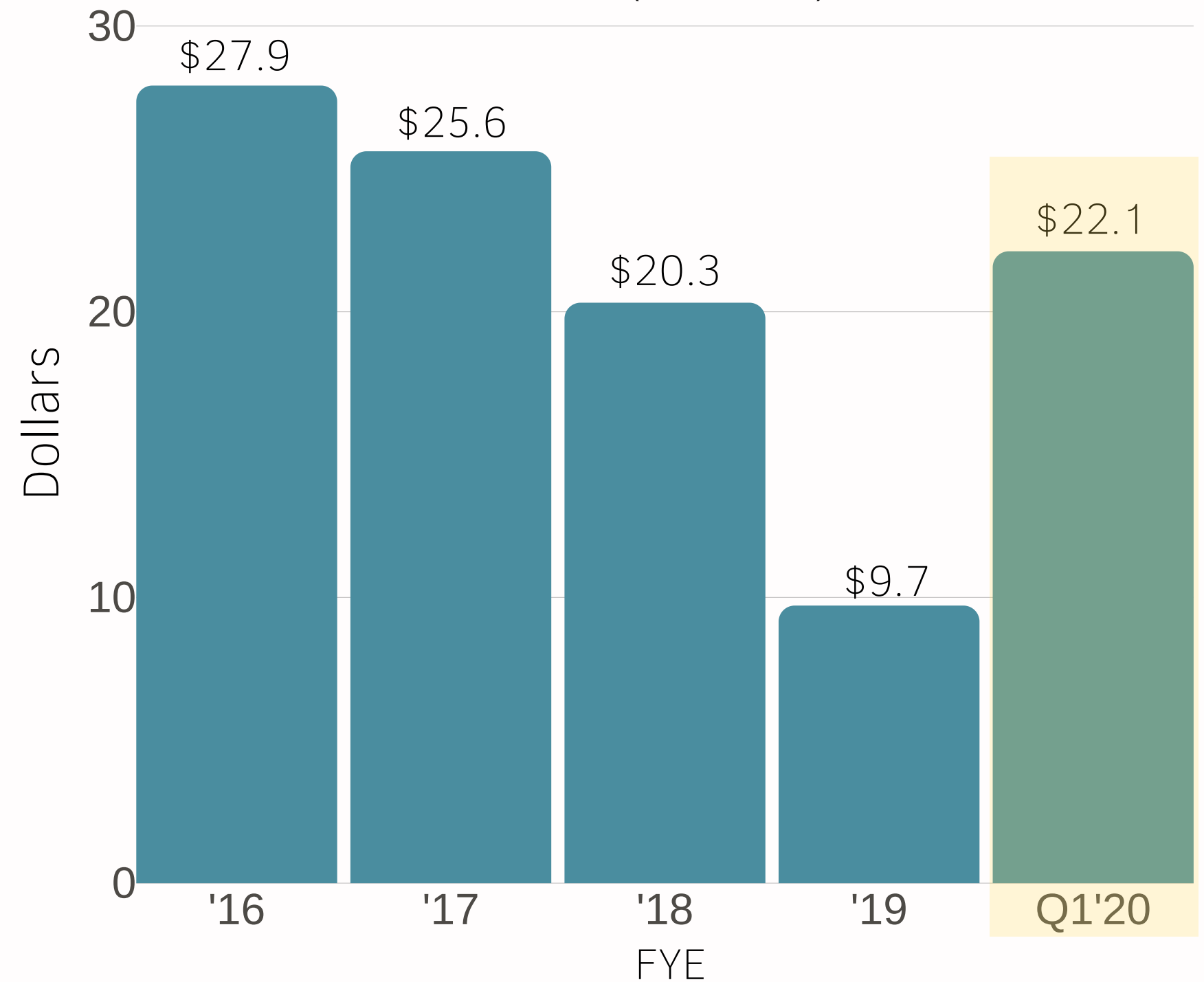
Water Investments

(millions)

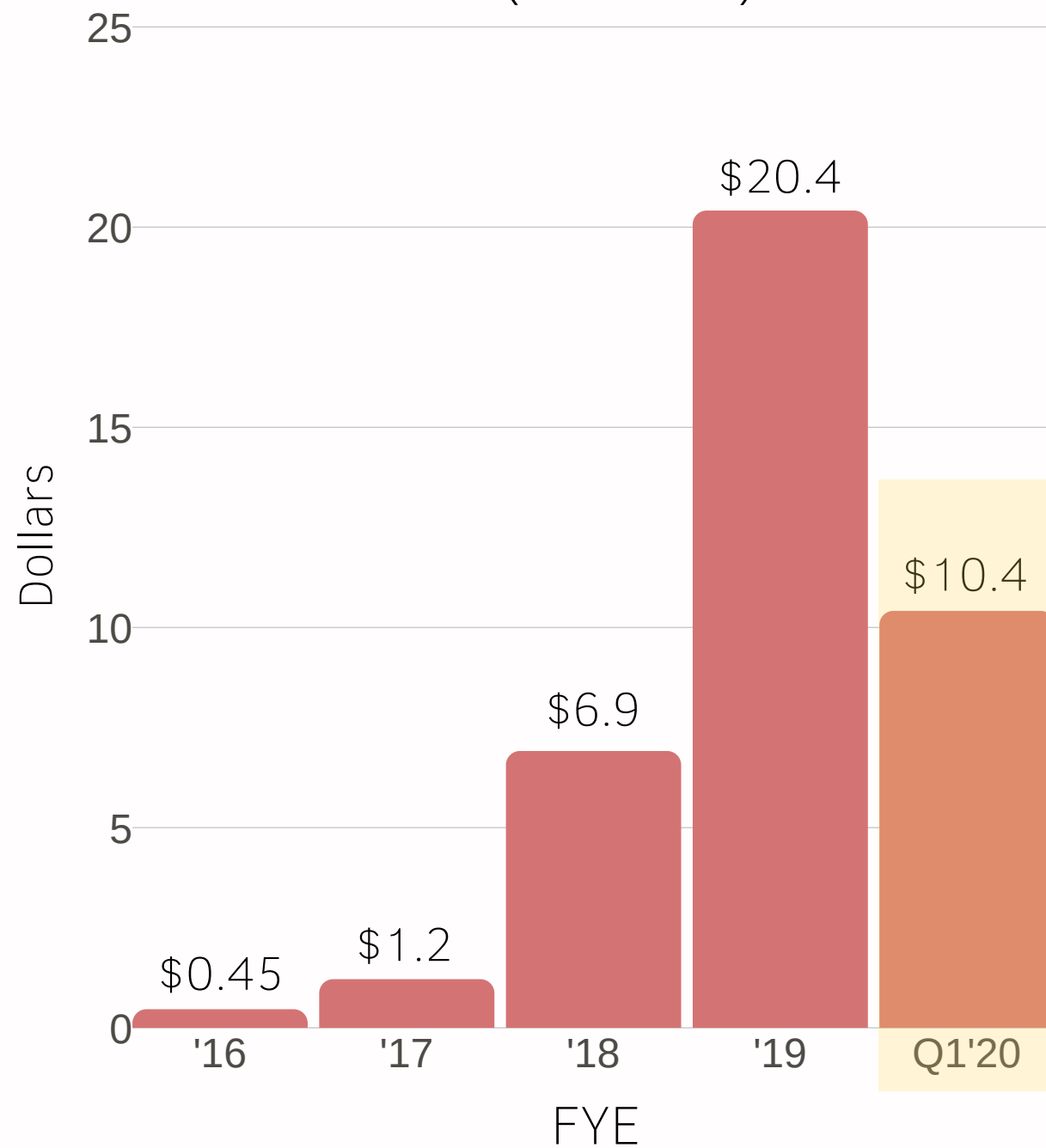


Cash

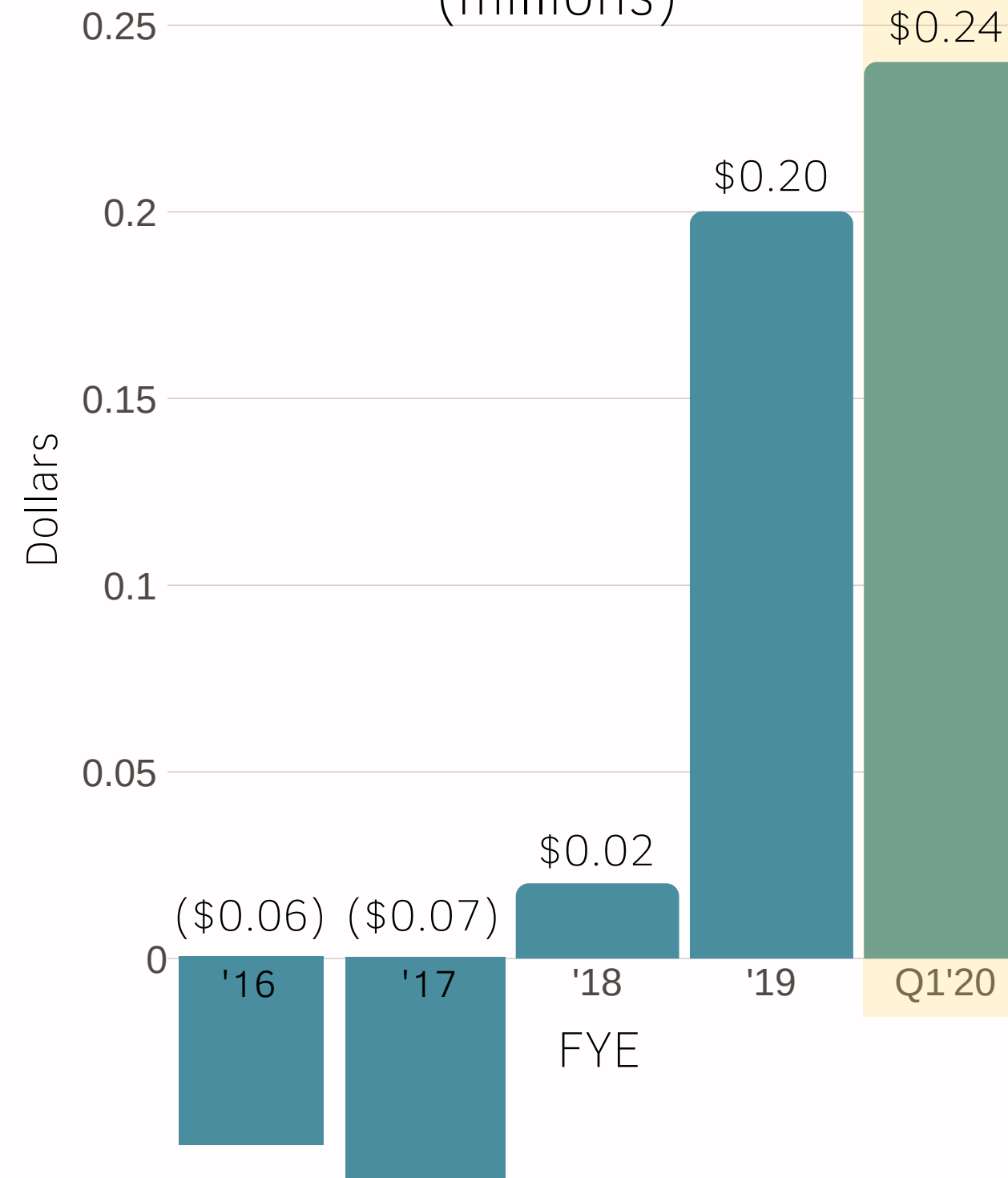
(millions)



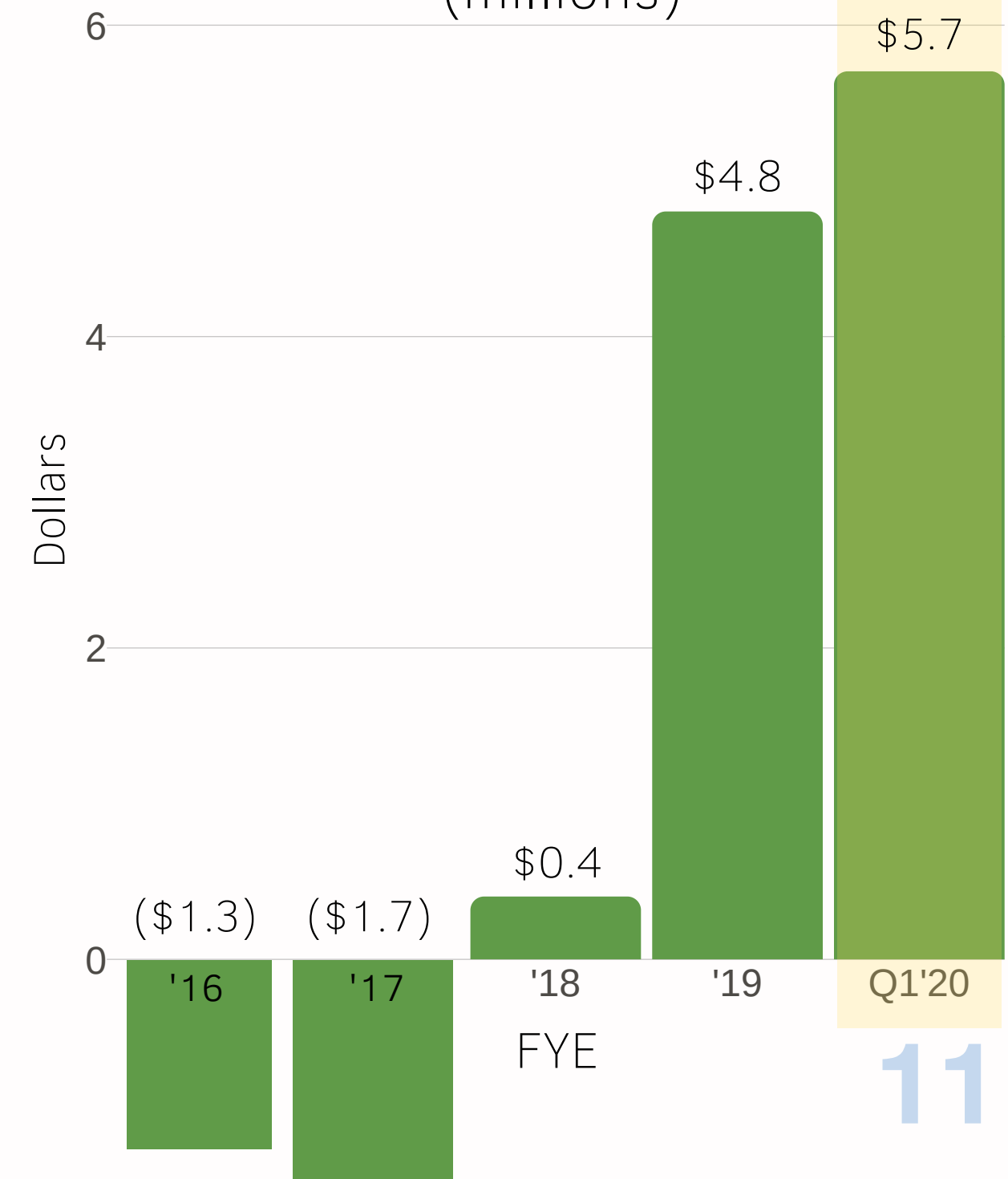
Operating Revenues (millions)



Growth Income from Continuing Operations per share (diluted) (millions)



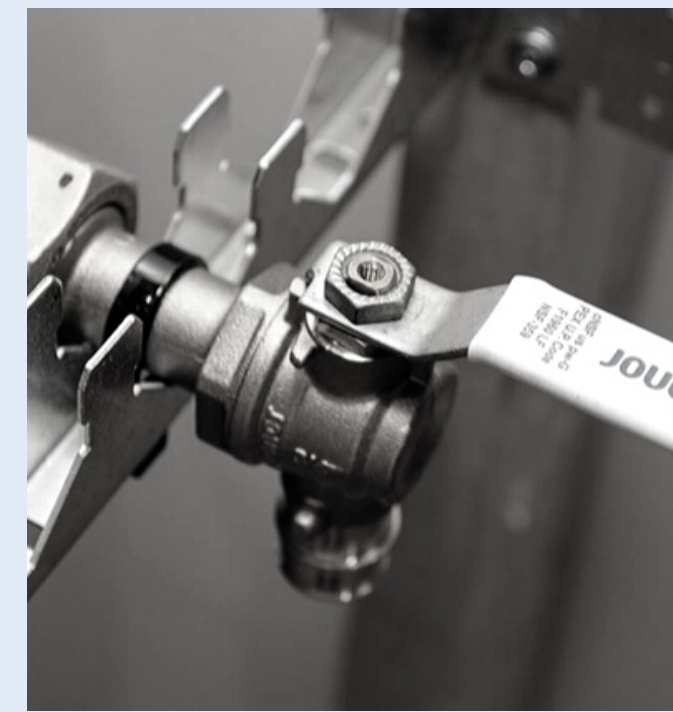
Net Income (after tax) (millions)





LAND DEVELOPMENT DELIVERY OF LOTS

Q1 '20 Revenues = \$8,542,000
Q1 '19 Revenues = \$1,381,000



MUNICIPAL TAP FEE REV.

Q1 '20 Revenues = \$1,672,000
Q1 '19 Revenues = \$ 255,000



DRILL FRACKING INDUSTRIAL WATER SALES

Q1 '20 Revenues = \$ 37,300
Q1 '19 Revenues = \$1,285,000

(13 WELLS DRILLED BUT NOT
FRACKED IN 2019)



O&G ROYALTIES

Q1 '20 Revenues = \$331,000
Q1 '19 Revenues = \$ 45,000

(4 NEW WELLS WITHIN OUR 1/8
POOLING)

Sources of Income (EBITA)

Q1 2020: \$7,649,000

Q1 2019: \$ 634,000

NEW ISSUE
BOOK-ENTRY ONLY

NOT RATED

In the opinion of Greenberg Traurig, LLP, Bond Counsel, assuming the accuracy of certain certifications and continuing compliance with certain covenants, interest on the Bonds is excludable from gross income of the owners thereof under federal income tax laws, pursuant to existing statutes, regulations, rulings and court decisions. Interest on the Bonds is not a tax preference item for purposes of the alternative minimum tax imposed on individuals. Bond Counsel is further of the opinion that interest on the Bonds is excludable from taxable income for purposes of the State of Colorado income tax and State of Colorado alternative minimum tax. See "TAX MATTERS" herein.

**SKY RANCH COMMUNITY AUTHORITY BOARD
(ARAPAHOE COUNTY, COLORADO)**

\$11,435,000	\$1,760,000
Limited Tax Supported District No. 1	Limited Tax Supported District No. 1
Senior Bonds (Tax-Exempt Fixed Rate)	Subordinate Bonds (Tax-Exempt Fixed Rate)
Series 2019A	Series 2019B

The Sky Ranch Community Authority Board Limited Tax Supported District No. 1 Senior Bonds (Tax-Exempt Fixed Rate), Series 2019A (the "2019A Senior Bonds") are issued as fully registered bonds in denominations of \$500,000 or any integral multiple of \$1,000 in excess thereof, pursuant to a Trust Indenture dated as of November 1, 2019 (the "Master Indenture"), between Sky Ranch Community Authority Board (the "Issuer") and UMB Bank, n.a., Denver, Colorado, as trustee (the "Trustee"), as supplemented by the Series 2019A Supplemental Trust Indenture dated as of November 1, 2019 (the "2019A Supplemental Indenture," and together with the Master Indenture, the "2019A Senior Indenture"). The Sky Ranch Community Authority Board Limited Tax Supported District No. 1 Subordinate Bonds (Tax-Exempt Fixed Rate), Series 2019B (the "2019B Subordinate Bonds," and, together with the 2019A Senior Bonds, the "Bonds") are issued as fully registered bonds in denominations of \$500,000 or any integral multiple of \$1,000 in excess thereof, pursuant to the Master Indenture, as supplemented by the Series 2019B Supplemental Trust Indenture dated as of November 1, 2019 (the "2019B Supplemental Indenture," and together with the Master Indenture, the "2019B Subordinate Indenture"). The Bonds initially will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), securities depository for the Bonds. Purchases of the Bonds are to be made in book-entry form only. Purchasers will not receive certificates representing their beneficial ownership interests in the Bonds. See "THE 2019A SENIOR BONDS – Book-Entry Only System," and "THE 2019B SUBORDINATE BONDS – Book-Entry Only System." Capitalized terms used on this cover page are defined in the Introduction section herein.

The 2019A Senior Bonds bear interest at the rate set forth below, payable (but only to the extent of Senior Pledged Revenue (defined below) available for such purpose) semiannually on June 1 and December 1 of each year, commencing June 1, 2020, and the 2019B Subordinate Bonds bear interest at the rate set forth below, payable (but only to the extent of Subordinate Pledged Revenue (defined below) available for such purpose) on December 15, 2020, and annually thereafter on December 15 of each year, unless the Bonds are redeemed earlier in accordance with the terms of their respective Indenture. The principal of, and premium, if any, on the Bonds will be payable upon presentation and surrender at the Trustee, as the paying agent for the Bonds. See "THE 2019A SENIOR BONDS" and "THE 2019B SUBORDINATE BONDS."

2019A SENIOR BONDS MATURITY SCHEDULE	
\$11,435,000	5.000% Term Bond Due December 1, 2049 - Yield: 4.550%* (CUSIP® Number: 83086F AA7)
2019B SUBORDINATE BONDS MATURITY SCHEDULE	
\$1,760,000	7.625% Term Bond Due December 15, 2049 - Price: 100.000% (CUSIP® Number: 83086F AB5)
Dated: Date of Delivery	
INVESTMENT IN THE BONDS INVOLVES A HIGH DEGREE OF RISK AND IS NOT APPROPRIATE FOR ALL INVESTORS. AS SUBORDINATE "CASH FLOW" OBLIGATIONS, REPAYMENT OF THE 2019B SUBORDINATE BONDS IS SUBJECT TO A HIGHER DEGREE OF INVESTMENT RISK. THE BONDS ARE NOT APPROPRIATE FOR ALL INVESTORS AND ARE BEING OFFERED AND SOLD ONLY TO "FINANCIAL INSTITUTIONS AND INSTITUTIONAL INVESTORS" AS DEFINED IN SECTION 32-1-103(6.5), COLORADO REVISED STATUTES. SEE "RISK FACTORS."	

CAB Bond Reimbursement

November Citi Corp acted as underwriter for the CAB Bond Placement

Total Par Amount	\$13,501,000
Capitalized Interest	\$ 2,363,000
Fees	<u>\$ 633,000</u>
Net Proceeds	\$10,505,000

Accounting

Inventory	\$4,230,000
Other Income	\$6,275,000

Remaining 158 lots
Inventory margins will increase from 6% to 27%

SUMMARIZED BALANCE SHEET

	November 30, 2019 000's	August 31, 2019 000's	\$ Change 000's
Assets			
Cash, cash equivalents and marketable securities	\$ 22,072	\$ 9,667	\$ 12,405
Other current assets	5,864	13,871	(8,007)
Total current assets	27,936	23,538	4,398
Long-term investments	-	-	-
Investments in water and water systems, net	51,502	50,270	1,232
Land and mineral interests	5,175	5,104	71
Other long-term assets	4,316	4,809	(493)
Total assets	\$ 88,929	\$ 83,721	\$ 5,208
Liabilities and Shareholders' Equity			
Accounts payable	\$ 275	\$ 171	\$ 104
Accrued liabilities	3,519	3,428	91
Income taxes payable	1,027	-	1,027
Deferred revenues	1,144	3,992	(2,848)
Deferred O&G	1,548	706	842
Other long-term liabilities	821	693	128
Total liabilities	8,334	8,990	(656)
Total shareholders' equity	80,595	74,731	5,864
Total liabilities and shareholders' equity	\$ 88,929	\$ 83,721	\$ 5,208

Please refer to our Report on Form 10Q filed on January 7, 2020 for additional information regarding our financial position.

SUMMARIZED STATEMENT OF OPERATIONS

	Period Ended November 30, In 000's (except per share)	
	Three Months Ended	
	2020	2019
Revenue		
Water sales	\$ 247	\$ 1,437
Tap fees (water and wastewater)	1,672	255
Lot sales	8,542	1,381
Total revenue	10,461	3,073
Cost of revenues		
Water cost of revenue	\$ (523)	\$ (528)
Lot fee development	(8,063)	(1,298)
Total costs of revenue	(8,586)	(1,826)
Gross profit	1,875	1,247
Operating expenses:		
General and administrative	(801)	(639)
Other	(85)	(88)
Income (loss) from operations	989	520
Other (expenses) income:		
Gain from reimbursement of construction costs	6,275	-
Oil and gas royalties and lease income, net	331	45
Other loss	-	(2)
Interest income	54	71
Net income before taxes	7,649	634
Tax expense	(1,887)	-
Net income after taxes	\$ 5,762	\$ 634
Income per share (diluted)	\$ 0.24	\$ 0.03

Please refer to our Report on Form 10Q filed on January 7, 2020 for additional information regarding our operating.

CONTACT INFORMATION



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TICKER

“PCYO” traded on the NASDAQ Capital Market

SHARES OUTSTANDING

23.8 million

THANK YOU!



PURE CYCLE

a water and wastewater services company

ANY QUESTIONS?