

FISCAL YEAR ENDING

AUGUST 31, 2019

PRESENTATION



Pure Cycle

a water and wastewater services company

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



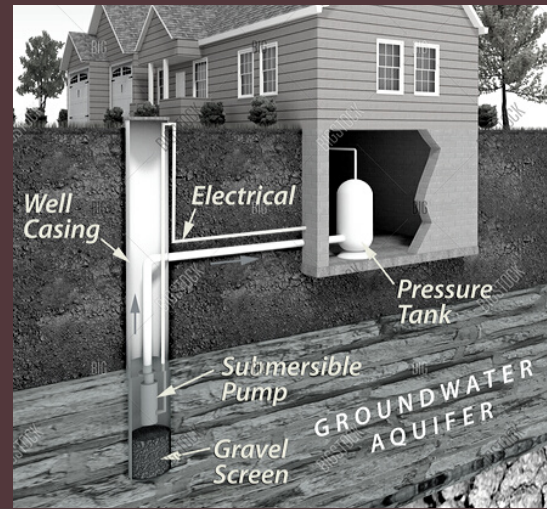
INDUSTRIAL
WATER SALES



O&G
ROYALTIES

ALL OF THESE KEY ASSETS CONTRIBUTE TO YOUR
SHAREHOLDER VALUE

Wells/ Diversion



Treatment



Transmission



Distribution



Home



irrigation
return flows

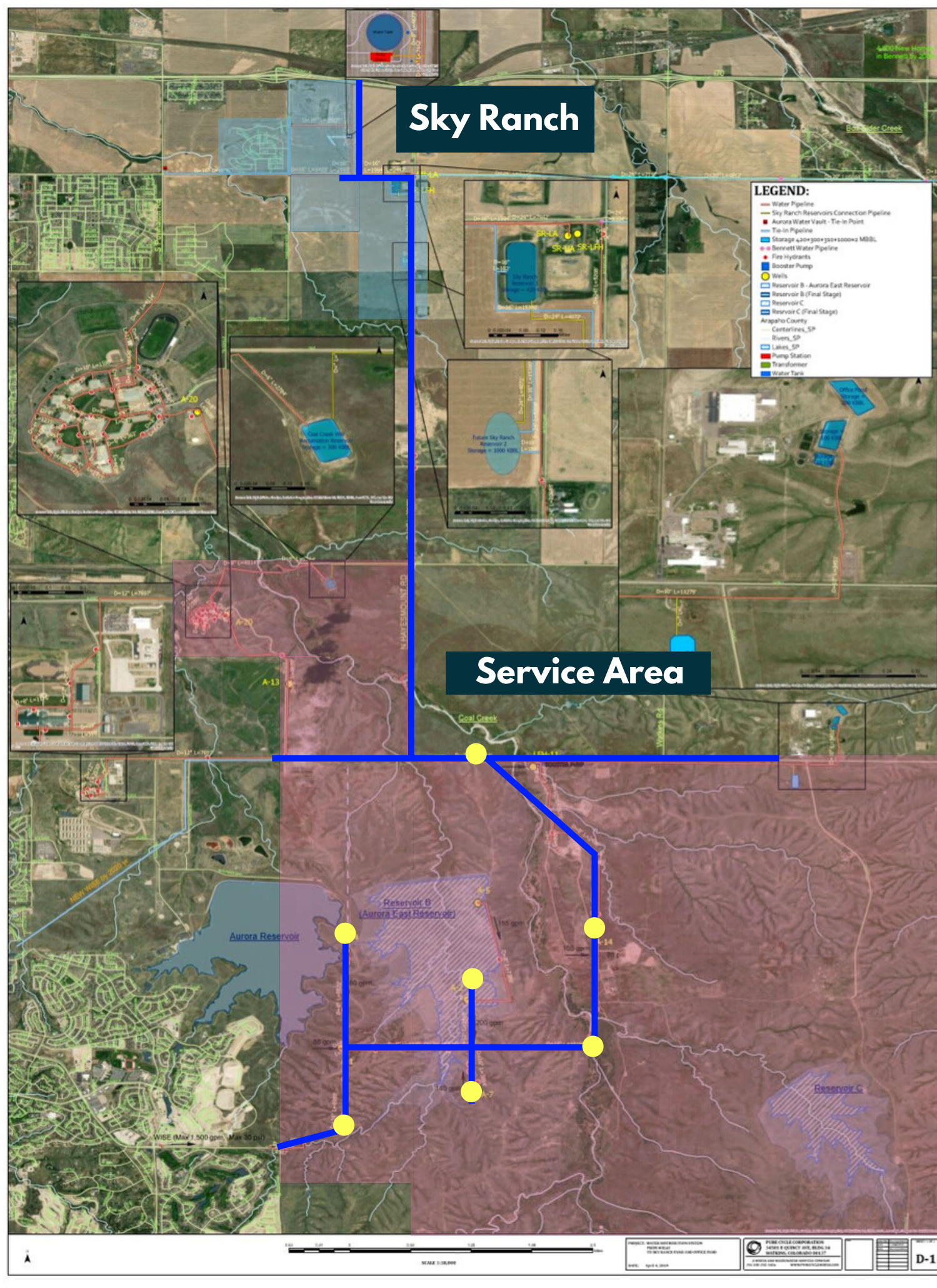
Irrigation Use



Wastewater



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

ONE-TIME CONNECTION FEES

Water Tap Fees: \$26,640

Sewer Tap Fees: \$4,600

Capital Capacity: \$1.8B

ANNUAL USAGE CHARGES

Avg. Metered

Water: \$1,000/SFE/yr.

Sewer: \$500/SFE/yr.

Buildout Annual Revenues: \$90mm/yr.

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



HOMES

ZONED FOR 3,400 HOMES AND 2.3
MILLION SQ. FEET OF COMMERCIAL
AND RETAIL PROPERTY (TOTAL OF
5,000 SFES COMBINED)



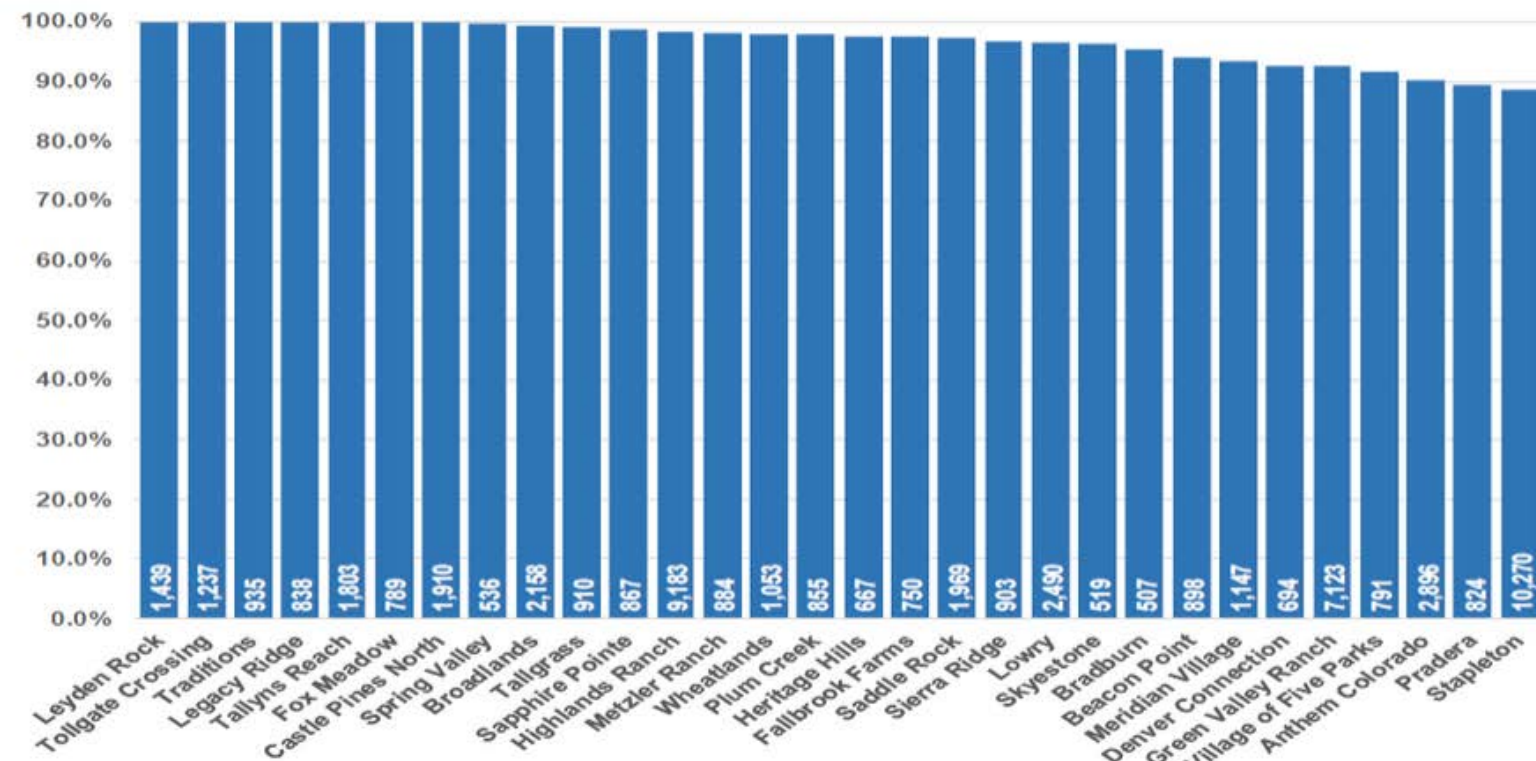
DENVER SUB MARKET



- Employment:
- DIA - 35,000 jobs
 - Gaylord Hotel - 2,500 jobs
 - Amazon Prologis Park - 1,000 jobs

MASTER PLANNED COMMUNITIES

Denver Master Planned Communities Approaching Buildout (1-30)

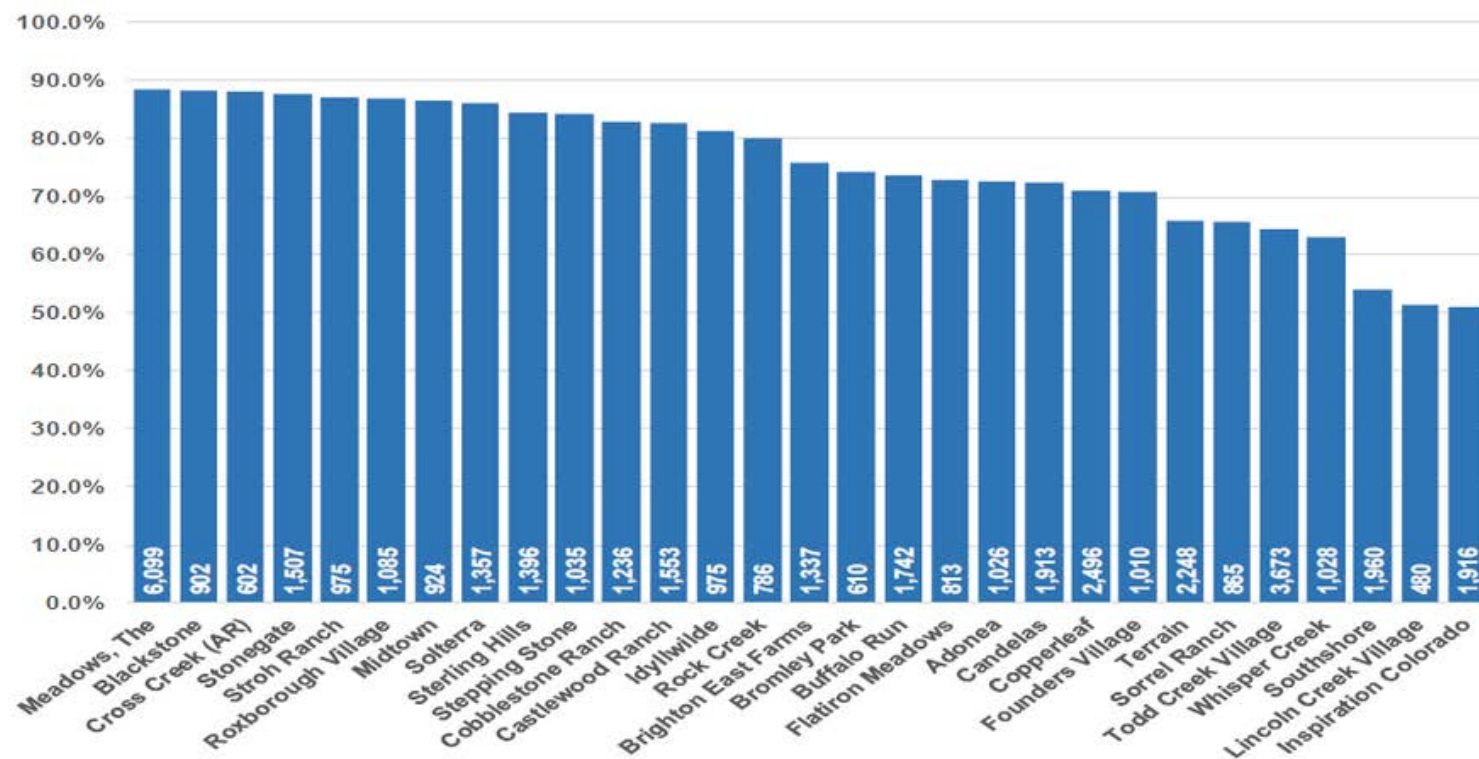


ZONDA™ metrostudy

Source: Metrostudy

Master Planned Communities nearing build-out, particularly in our sub-market.

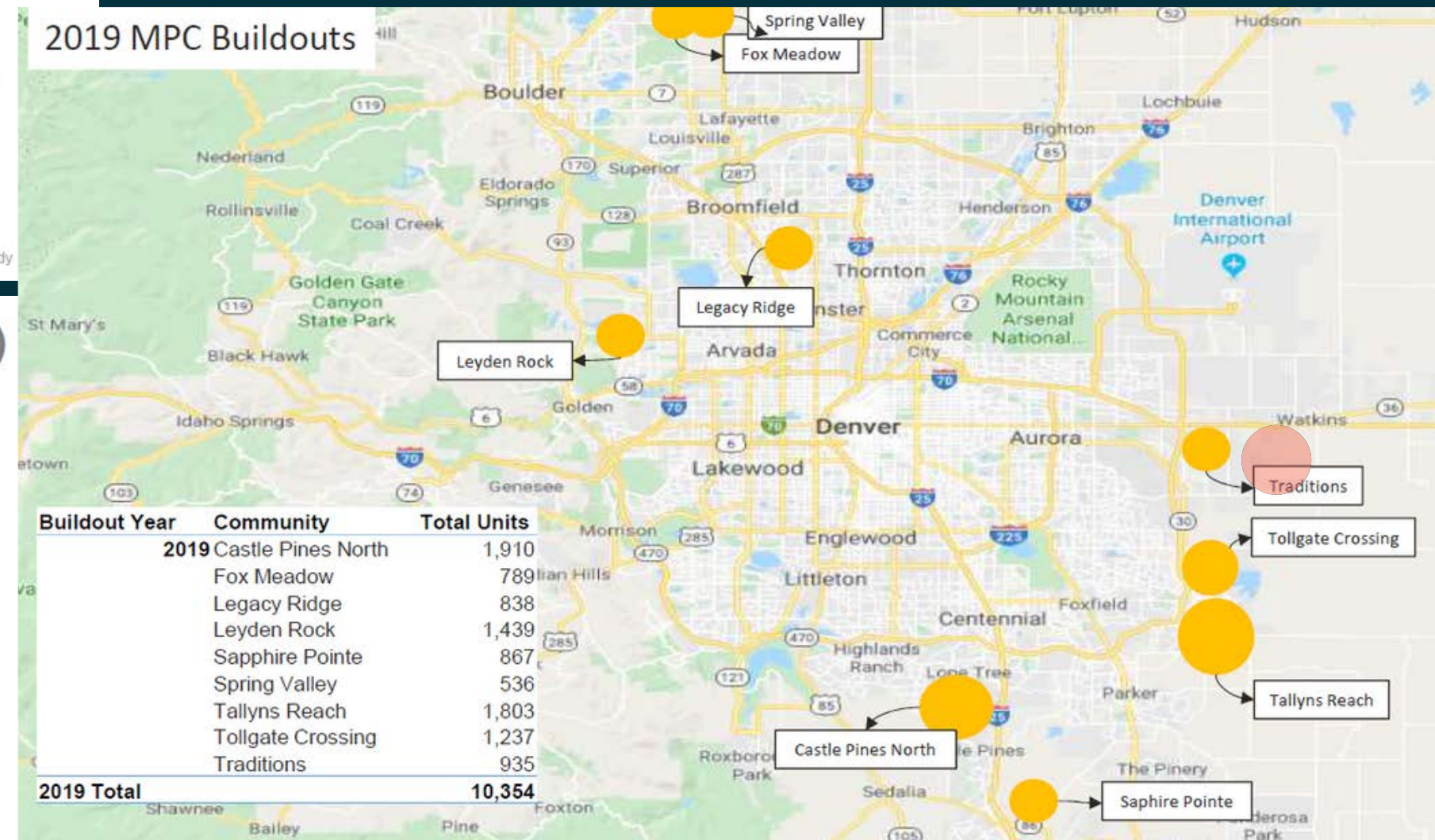
Denver Master Planned Communities Approaching Buildout (31-59)



ZONDA™ metrostudy

Source: Metrostudy

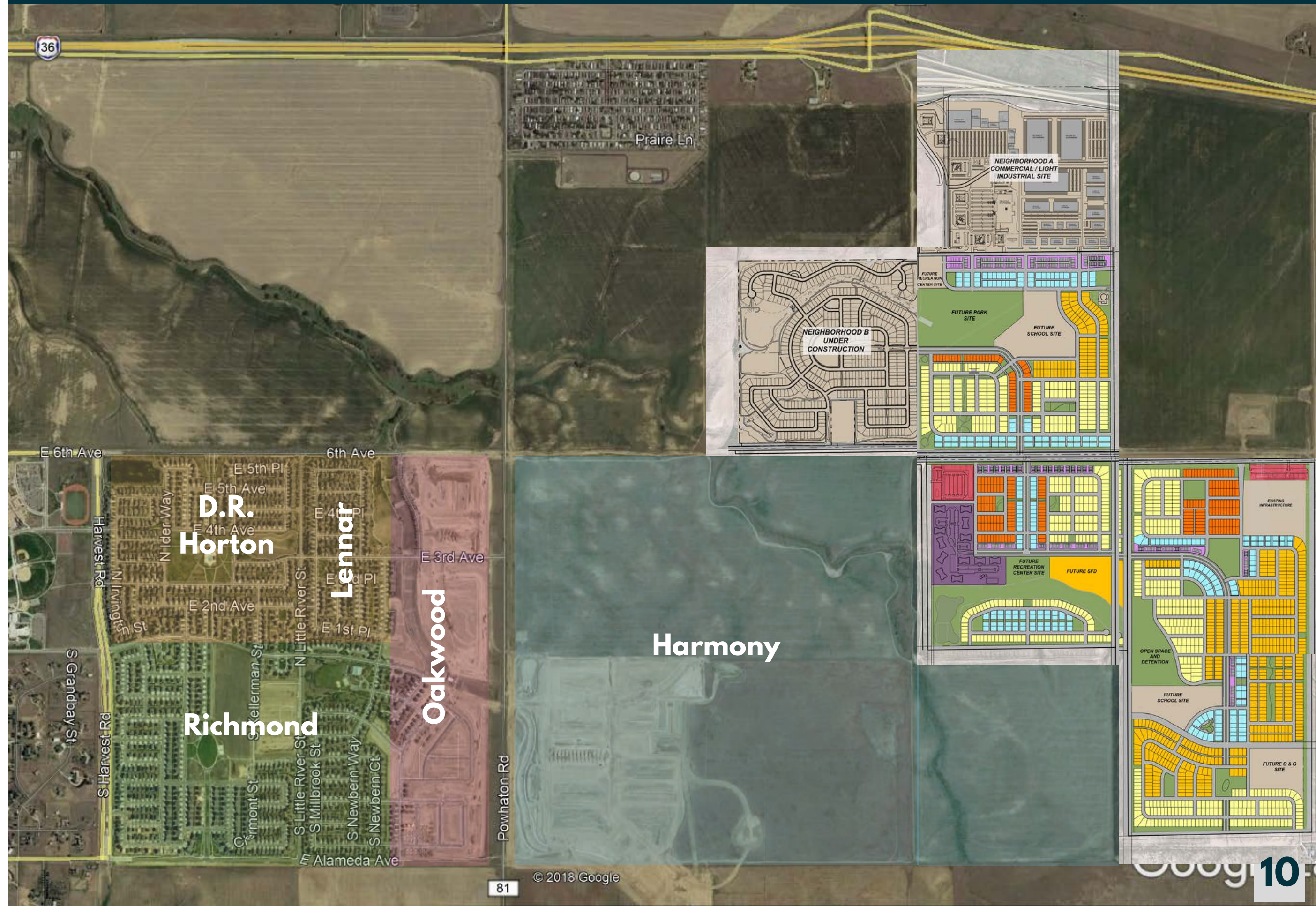
2019 MPC Buildouts



KEY FACTORS

Represents \$130 million in water tap fees and \$24 million in wastewater tap fees (combined \$154.0mm).

Annual water and wastewater revenues at build-out: \$7.5mm.



Infrastructure

Lot Delivery

First Phase for Development (151 Acres)

- Sold all 506 lots before breaking ground
- Delivered 277 Finished lots
- Delivered 95 Platted + Wet Utilities
- Issued 136 Building permits
- Sold 136 Water and Wastewater Taps
- Expect to complete all 506 Lots September 2020.
- Approximately 80 homes under construction

- 100% Drainage
- 100% Water System (1,000 SFE's)
- 95% Sewer Plant (2,000 SFE's)
- 100% Entry Roadway

PHASE 1 – “NEIGHBORHOOD B” 506 LOTS



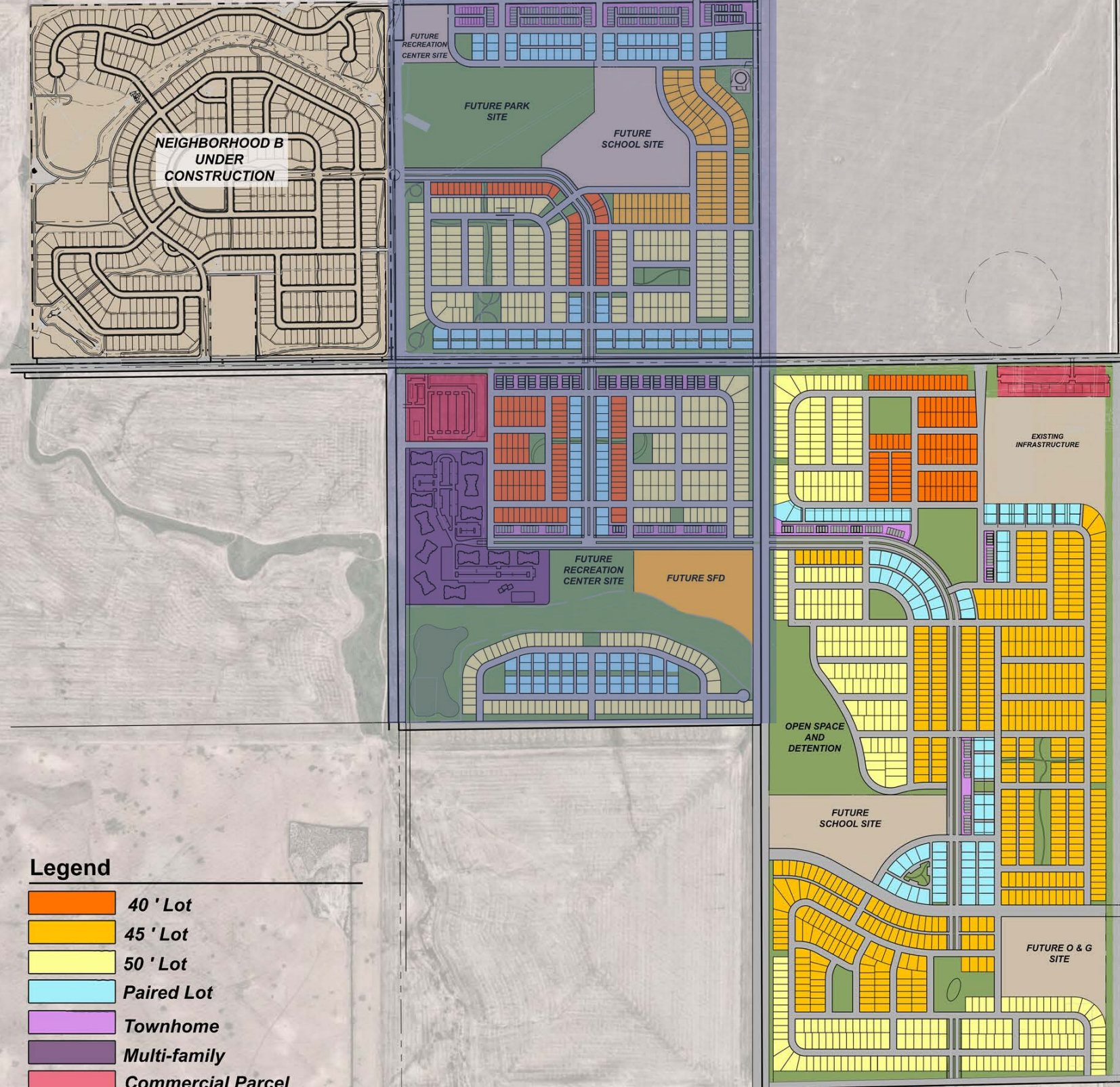
Home Sales:

- Approximately 60 homes sold
- Averaging 6 homes/builder/mo.

Average Lot Sales:

- Home builders \$70,000
- Reimbursables \$30,000
- Total \$100,000
- Phase 1 (506) \$50,600,000
- Sky Ranch (5,000) \$500,000,000

PHASE 2- NEIGHBORHOOD A



KEY FACTORS

480 Acres

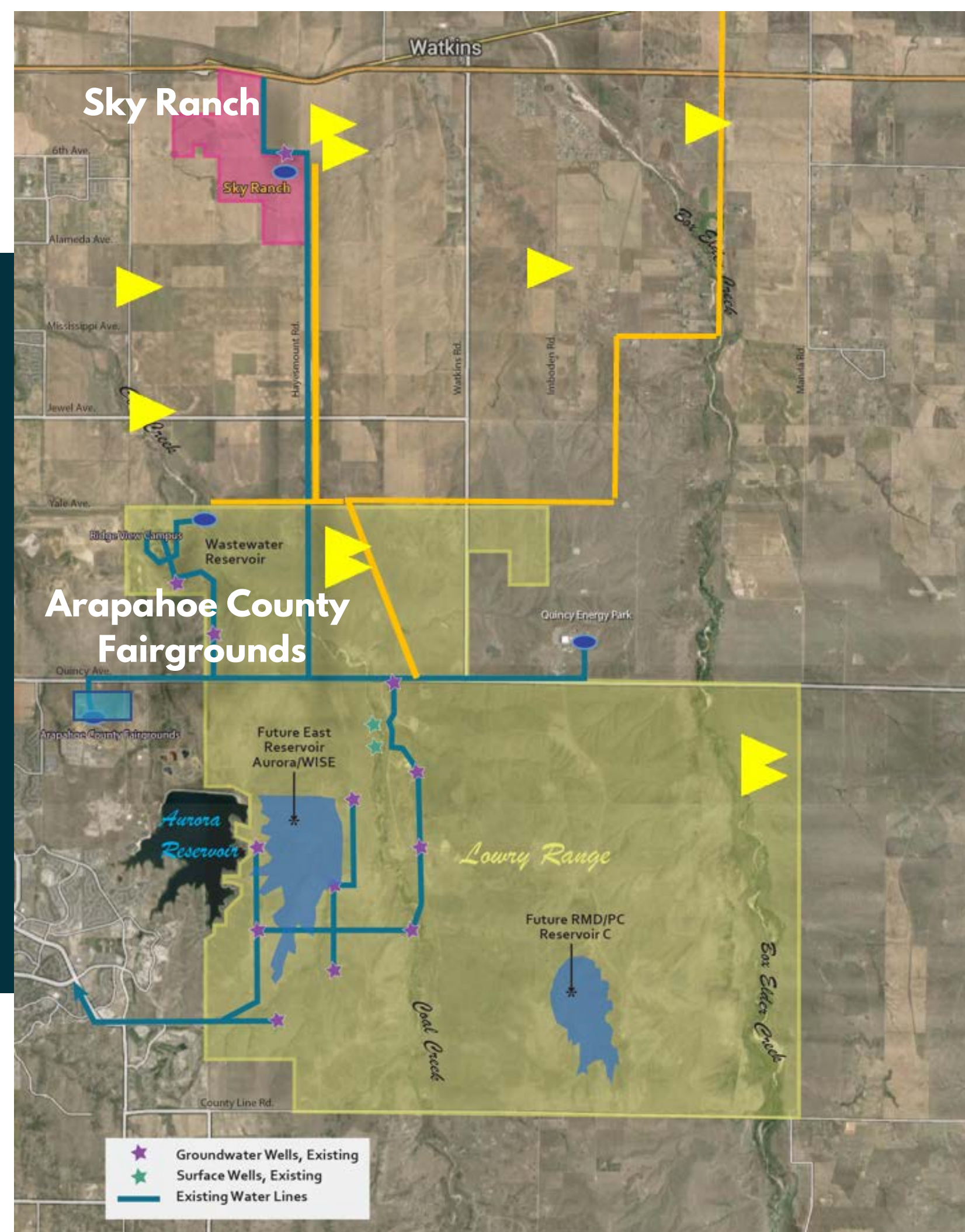
Development plan to accommodate:

- 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

Oil & Gas Activities

Southern Wattenberg
Niobrara



Legend

- Service Area
- Lowry Range
- Sky Ranch
- Gas Collection
- Water Transmission
- Approximately 130 wells drilled to date

★ Groundwater Wells, Existing
★ Surface Wells, Existing
— Existing Water Lines

OIL & GAS ACTIVITIES

SOUTHERN WATTENBERG NIOBRARA

Niobrara A

Niobrara B

FIVE POSSIBLE FORMATIONS

PAD DEVELOPMENT:
40 ACRE SPACING

16 WELLS/SQ. MILE/
FORMATION

16,000 WELL CAPACITY

\$100,000 - \$200,000 PER WELL

MORE THAN 200 SQUARE MILES IN ADAMS & ARAPAHOE COUNTIES

Sources of Income

FYE 2019: \$20,362,000 (342% INCREASE)
FYE 2018: \$ 6,959,000



LAND DEVELOPMENT DELIVERY OF 180 LOTS

- FYE '19 Revenues = \$11,956,000
- FYE '18 Revenues = \$2,164,000



MUNICIPAL TAP FEE REV.

- FYE '19 Revenues = \$3,545,000
- FYE '18 Revenues = \$50,000



DRILL FRACKING INDUSTRIAL WATER SALES

- FYE '19 Revenues = \$4,238,000
- FYE '18 Revenues = \$4,044,000



O&G ROYALTIES

- FYE '19 Revenues = \$204,000
- FYE '18 Revenues = \$242,000

SUMMARIZED BALANCE SHEET

	August 31, 2019 000's	August 31, 2018 000's	\$ Change 000's
Assets			
Cash, cash equivalents and marketable securities	\$ 9,667	\$ 20,283	\$ (10,616)
Other current assets	13,871	7,635	6,236
Total current assets	23,538	27,918	(4,380)
Long-term investments	-	190	(190)
Investments in water and water systems, net	50,270	36,722	13,548
Land and mineral interests	5,104	4,660	444
Other long-term assets	4,809	2,416	2,393
Total assets	\$ 83,721	\$ 71,906	\$ 11,815
Liabilities and Shareholders' Equity			
Accounts payable	\$ 171	\$ 787	\$ (616)
Accrued liabilities	3,428	849	2,579
Deferred revenues	3,992	361	3,631
Deferred O&G	706	56	650
Other long-term liabilities	693	400	293
Total liabilities	8,990	2,453	6,537
Total shareholders' equity	74,731	69,453	5,278
Total liabilities and shareholders' equity	\$ 83,721	\$ 71,906	\$ 11,815

Please refer to our Report on Form 10K filed on November 12, 2019 for additional information regarding our financial position.

SUMMARIZED STATEMENT OF OPERATIONS

	Period Ended August 31, In 000's (except per share)			
	Three Months Ended		Year Ended	
	2019	2018	2019	2018
Revenue				
Water sales	\$ 1,765	\$ 1,728	\$ 4,861	\$ 4,745
Tap fees (water and wastewater)	1,789	-	3,545	50
Lot sales	5,920	2,164	11,956	2,164
Total revenue	9,474	3,892	20,362	6,959
Cost of revenues				
Water cost of revenue	\$ (1,010)	\$ (975)	\$ (2,639)	\$ (2,148)
Lot fee development	(5,589)	(2,014)	(11,305)	(2,014)
Total costs of revenue	(6,599)	(2,989)	(13,944)	(4,162)
Gross profit	2,875	903	6,418	2,797
Operating expenses:				
General and administrative	(1,243)	(1,039)	(3,107)	(2,855)
Other	(36)	129	(313)	(251)
Income (loss) from operations	1,596	(7)	2,998	(309)
Other (expenses) income:				
Oil and gas royalties and lease income, net	49	53	204	242
Other gain	31	(2)	27	(7)
Interest income	52	30	299	206
Net income before taxes	1,728	74	3,528	132
Tax benefit	1,283	282	1,283	282
Net income after taxes	\$ 3,011	\$ 356	\$ 4,811	\$ 414
Income per share (diluted)	\$ 0.13	\$ 0.01	\$ 0.20	\$ 0.02

Please refer to our Report on Form 10K filed on November 12 2019 for additional information regarding our operating.

CONTACT INFORMATION



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www.purecyclewater.com

TICKER

“PCYO” traded on the NASDAQ Capital Market

SHARES OUTSTANDING

23.8 million

THANK YOU!
QUESTIONS?