



April 15, 2021

Via E-mail (Katie.Carlson@umb.com)

UMB Bank, N.A., as Trustee
120 South 6th Street, Suite 1400
Minneapolis, Minnesota 55402
Attention: Corporate Trust

PureCycle: Ohio LLC
5950 Hazeltine National Drive, Suite 650
Orlando, Florida 32822
Attention: Michael Otworth

**Subject: Southern Ohio Port Authority
Exempt Facility Revenue Bonds (PureCycle Project), Tax-Exempt Series 2020A
Subordinate Exempt Facility Revenue Bonds (PureCycle Project), Tax-Exempt Series
2020B and Taxable Series 2020C
PureCycle Polypropylene Phase II Project
March 2021 Project Status Report**

Dear Ladies and Gentlemen:

Attached is the Construction Monitor's Project Status Report (the "Report") for the PureCycle Polypropylene Phase II Project (the "Project") for the period ending March 31, 2021 (the "Relevant Period"), being delivered to you by Leidos Engineering, LLC ("Leidos"), as Construction Monitor ("CM").

Our review of the data made available to us by PureCycle Ohio LLC (the "Owner"), Denham-Blythe Company (the "Denham-Blythe") and other equipment suppliers and contractors working on the Project for the Owner was performed within the scope and terms of a Professional Services Agreement ("PSA"), dated as of May 9, 2017, between Leidos and PureCycle Technologies, LLC. On October 1, 2020, UMB Bank, N.A. as trustee (the "Trustee") under the Indenture of Trust issued by the Southern Ohio Port Authority for Exempt Facility Revenue Bonds (PureCycle Project), Tax-Exempt Series 2020A, Subordinate Exempt Facility Revenue Bonds (PureCycle Project), Tax-Exempt Series 2020B and Subordinate Exempt Facility Revenue Bonds (PureCycle Project), Taxable Series 2020C dated October 1, 2020 (the "Indenture") entered into a Consent and Agreement with Leidos outlining the terms and conditions of the Trustee's use of the reports, certificates and other work products issued by Leidos. This Report is solely for the information of and assistance to the Trustee in connection with its review of the Project and is not to be used, circulated, quoted or otherwise referred to for any other purpose. The Independent Engineer disclaims any obligation to update this Report. This Report is not intended to, and may not be construed to benefit any party other than the Trustee and the Bondholders (as defined in the Indenture).

To the extent that it has been practical to do so, we have verified the status of the work performed by the Owner, Denham-Blythe and the major equipment suppliers and nothing has come to our attention during the review and observation that should cause us to believe that the progress made through the Relevant Period was not commensurate with Project objectives.

The next monthly Project review meeting is scheduled for May 11, 2021 at the PureCycle office in Ironton, Ohio. If you have any questions regarding this Report, or other aspects of the Project, please contact me by phone at 508.935.1606 or via email at Nicholas.Drobot@leidos.com.

Sincerely,

LEIDOS ENGINEERING, LLC



Nicholas Drobot
Construction Manager

ND/KMN

Attachment

Ec: Karen Napoli, James (Jim) Newell – Leidos Engineering, LLC



Leidos Engineering, LLC (“Leidos” or “we”), in its capacity as the Construction Monitor (“CM”) reviewed the progress of engineering, procurement and construction of the PureCycle Polypropylene Phase II Project (the “Project”) including: monthly reports from the Denham-Blythe Company (the “Denham-Blythe”), the engineering, procurement and construction (“EPC”) contractor for the Outside Battery Limits (“OSBL”), including utilities and product storage under the Construction Contract dated October 7, 2020 (the “EPC Contract”) and progress information from the Inside Battery Limits (“ISBL”) and OSBL major equipment suppliers. Additionally, we held discussions with the Owner’s management relative to the status of the Project to review the progress for the period ending March 31, 2021 (the “Relevant Period”). We visited the Project job site in Ironton, Ohio on April 15, 2021 and participated in a progress meeting held at the PureCycle office near the Project site in Ironton, Ohio. Terms used in this Project Status Report (“Report”) without definition shall have the meaning ascribed thereto in the Credit Agreement or the EPC Contract.

Project Technical Description

The Project will be a waste polypropylene processing facility under development by the Owner and sponsored by PureCycle Technologies, LLC (the “Sponsor”). The Project will be located on 26 acres of land in Ironton, Lawrence County (the County), Ohio (the “Facility Site”). The Facility Site is a former Dow Chemical Company (“Dow”) plant site. The Facility Site land was previously donated by Dow to the Lawrence Economic Development Corporation (“LEDC”) and includes three existing buildings (Building 504, Building 507, and Building 509) totaling 150,000 square feet that will be reused for raw material delivery, processing, and storage, and for utility equipment. An affiliate of the Owner purchased the land from the LEDC, and the affiliate sold the land to the Owner for use as the Facility Site.

Summary

During the progress meeting noted above, the Owner’s construction manager and Denham-Blythe presented detailed updates highlighting the progress of EPC contractor activities under the Construction Contract. The Owner also reported on progress with regard to the ISPL equipment supply contract and the PureCycle-supplied OSBL equipment.

The Project was reported to be materially on schedule and the Owner’s construction manager reported that the overall progress is 8.6 percent complete as compared to a baseline plan of 7.2 percent complete. As previously reported, the Denham-Blythe and major equipment supplier’s engineering effort commenced with the issuance of a Notice to Proceed (“NTP”) to all parties. During the Relevant Period, the engineering activities included structural modeling and the design of the rail spur. Work on preliminary utility drawings and design of utility piping continued. Development of structural drawings continued as did development of pre-processing equipment isometrics and electrical details. Procurement activities continued with the award of the fire protection contract and the Building 504 roof extension contract. Bids for the central utility plant package were received and reviewed. Denham-Blythe completed demolition activities and continued removal of debris. Removal of roofs continued as did repair of siding and insulation. Site clearing was completed and mass grading activities continued. In summary, the Project appears to be on schedule and within budget.

The Owner continued to report that the required activities to support the PureCycle-supplied OSBL equipment continued materially on schedule to ensure timely coordination with ISBL and OSBL design.

During the Relevant Period no Occupational Safety and Health Administration ("OSHA") recordable safety incidents were reported. No reportable environmental incidents were reported at the Project Site during the Relevant Period.

Project Status

The Owner's construction manager reported the actual and planned schedule progress percentage complete for engineering, procurement and construction activities. The schedule progress is shown in Table 1.

Table 1
Completion Progress – PureCycle Polypropylene Phase II Project ⁽¹⁾

Project Phase	Cumulative Through March 2021 Planned % ⁽²⁾	Cumulative Through March 2021 Actual %	Cumulative Through February 2021 Actual %
Engineering	26.7	34.8	28.2
Procurement	5.7	5.9	1.7
Construction	4.0	1.9	1.0
Start-Up	0.0	0.0	0.0
Weighted Total	7.2	8.6	4.9

1) All progress is shown in percent ("%") unless noted.

2) The "planned" percentage complete represents the baseline established in January 2021 maintaining the contractual dates.

EPC Contract Activities

EPC Contract activities reported by the Owner, the Owner's construction manager, Denham-Blythe and major equipment suppliers included engineering, procurement and construction activities as described herein.

Engineering

Overall, the Owner's construction manager reported that 34.8 percent of the engineering and design effort was completed against a planned 26.7 percent of the baseline plan. The Owner reported that detailed engineering coordination meetings are continuing on a weekly basis for Denham-Blythe and the ISBL equipment supply contract, and on a bi-weekly basis for the OSBL equipment supply contracts. Denham-Blythe, the major equipment suppliers and the Owner continued to coordinate information exchange specific to material handling interfaces with the ISBL systems.

ISBL, OSBL and major equipment engineering activities through the Relevant Period include, but are not limited to, the following:

- Continued the design of sanitary sewer collection, domestic water distribution and natural gas distribution utility systems;
- Completed finalization of Building 504 and Building 507 "pricing" drawings;
- Completed preliminary site utility drawings;
- Continued design of site utility piping;
- Completed development of pre-processing building preliminary drawings;

- Continued development of loading information and design of deep foundations;
- Continued design of "E-House 2" for utility building;
- Continued structural design of material handling pneumatic conveyor structural bridge near feedstock silos;
- Continued development of degassing equipment and process building structural drawings;
- Continued finished material handling engineering, including final material export to rail loading, ISBL waste streams, dust collection and piping and instrumentation diagrams ("P&ID") and process flow diagrams ("PFDs");
- Continued development of pre-processing equipment isometrics and detailed wiring diagrams;
- Continued modeling of degassing structure and pipe bridge from utility building to Building 504; and
- Continued rail spur design.

Our review of engineering activities indicates progress materially in support of Project objectives.

Procurement

Overall, the Owner's construction manager reported that 5.9 percent of the procurement effort was completed against a planned 5.7 percent of the baseline plan. As previously reported, the ISBL equipment supplier has begun the procurement process and awarded several schedule-critical supply and fabrication subcontracts, including but not limited to high-pressure vessels and extruders.

ISBL, OSBL and major equipment engineering activities through the Relevant Period include, but are not limited to, the following:

- Awarded the fire protection contract;
- Awarded the contract for the Building 504 roof extension structural steel work;
- Completed receipt and review of bids for the central utility plant package; and
- Continued ISBL supplier and sub-vendor information exchange.

Denham-Blythe also continued a pre-qualification process for major 2021 work packages including process piping, mechanical, and electrical scopes of work.

Construction

Overall, the Owner's construction manager reported that 1.9 percent of the construction effort was completed against a planned 4.0 percent of the baseline plan. Denham-Blythe construction activities through the Relevant Period include, but are not limited to, the following:

- Continued mass grading and completed site clearing activities;
- Commenced preparations for installation of storm water drainage system;
- Completed demolition activities and continued removal of debris from the Project site;
- Continued repair of Building 507 insulation and vapor barrier;
- Continued repair of Buildings 504 and 507 siding;
- Completed removal of Building 504 roof and commenced installation of roof decking; and
- Continued coordination with the utility company.

Our review of the construction activities indicates progress materially in support of Project objectives. Nevertheless, as previously reported, the construction progress planned for February 2021 was not achieved as the weather was not conducive to the current phase of construction activities. Denham-Blythe reported that there will be no impact to the critical path or the completion date.

Owner Activities, Off-Site and Interconnection Projects

The Owner's construction manager and the Owner provided updates covering the Owner's responsibilities and offsite and interconnection project activities on the Project. As of the end of the Relevant Period, the Owner reported that all permits required for the current phase of construction are in place and that permitting activities for the upcoming phases of the Project were progressing materially as planned. Work is progressing on obtaining the remaining permits. The permit to install ("PTI") for the wastewater tie-in work was received during the Relevant Period. As previously reported, a tracking procedure has been implemented and is being tracked for schedule compliance.

ISBL Equipment Supply

As previously reported, the purchase order for the extruder was placed and manufacturing commenced. Review of ISBL equipment supplier's drawings continued. Required interface coordination continued for the extruder and material handling as well for the flare, knock-out drum and vent relief study.

Pre-processing Equipment Supply

As previously reported, the pre-processing equipment supplier's initial engineering kickoff meeting was held on October 14, 2020. The pre-processing equipment supplier continued with engineering and design activities including, but not limited to, wiring diagrams and piping isometric drawings with the preliminary submission having been achieved during the Relevant Period.

Material Handling Equipment Supply

As previously reported, the material handling equipment supplier's initial engineering kickoff meeting was held on October 15, 2020. The material handling equipment supplier continued with the development of PFDs and P&IDs for finished material handling, ISBL waste streams, and dust collection. The document package for the raw material handling required for fabrication was being finalized for release.

Degassing Equipment Supply

As previously reported, the degassing equipment supplier's initial engineering kickoff meeting was held on October 12, 2020. The degassing equipment supplier reported that engineering was complete and that procurement of material and fabrication were in progress.

Interconnections

The Owner reported that the natural gas line to the Facility was being installed. As previously mentioned, the Owner reported that the natural gas line was installed and the remaining work consisted of completing the metering station installation and tie-in.

As previously reported, the kick-off meeting with AEP was held on January 12, 2021 and regular progress meetings continue. Ordering of substation equipment is anticipated to start in April 2021.

The wastewater tie-in to the Scotia County system effort continued during the Relevant Period with bids being received and evaluated.

Start-Up and Commissioning

The Owner reported that activities in support of start-up and commissioning of the Project have not yet commenced.

Safety/Environmental/Permits

Safety and Environmental

The following items were reported through the Relevant Period:

- The Owner reports that it continues to monitor trends regarding the COVID-19 pandemic and that it has a COVID-19 policy that remains in effect regarding site activities.
- During the Relevant Period, the Owner's construction manager and Denham-Blythe reported there were no OSHA recordable incidents and no lost time incidents. Since the commencement of work at the Project Site, there were no recordable incidents and no lost time incidents.

Permitting

Denham-Blythe continued to work with the Owner to secure the appropriate permits, certificates, notifications and approvals necessary to support the then-current phases of construction at the Project Site. Denham-Blythe is providing support to ensure overall compliance with applicable laws, regulations, permits and approvals.

The Owner reported that it completed or continued the following permitting activities through the Relevant Period:

- Continued to implement and monitor the stormwater pollution prevention plan ("SWPPP") at the Facility Site;
- Received the wastewater tie-in PTI;
- Continued working on the building permits and obtaining those permits required for the current phase of construction; and
- Continued required activities for the air permit modifications as needed. As previously reported, Denham-Blythe finalized the SWPPP plan for construction. The SWPPP plan identified the Best Management Practices ("BMPs") that were to be installed prior to disturbing the Facility Site. These BMPs will be maintained until the SWPPP permit is closed.

The Owner reported that all necessary permits required for the current construction activities have been or are being secured. The Owner also reported that the required activities for the air permit modifications are in progress and are on schedule. The modifications are associated with material handling and purification and are awaiting equipment manufacturer submittals and emission information.

Quality Assurance

As previously reported, Denham-Blythe, in cooperation with the Owner, developed a detailed quality surveillance plan for the Project which will be updated, as required, to address any additional quality surveillance required for the then-current phase of construction. As part of the execution of the Project, each supplier and contractor will be required to submit a copy of their quality control plans to the Owner.

During the Relevant Period, the Owner reported no material quality assurance issues. An inspection of the degassing silo was performed at the manufacturing facility.

Schedule

Table 2 displays key Project milestone dates. One key Project milestone was achieved during the Relevant Period.

Table 2
Key Project Milestone Dates ⁽¹⁾

Key Event	Planned Date ⁽¹⁾	Forecasted/ Actual Date ^{(2) (3)}
ISBL Equipment Supplier Delivery Schedule		
Stair and Pipe Rack Modules Arrive at Site	December 13, 2021	December 14, 2021
Non-Long Lead Vessel Modules Arrive at Site	May 12, 2022	May 17, 2022
Long Lead Vessel Modules Arrive at Site	June 1, 2022	July 19, 2022
Packaged and Ship Loose Equip. Arrive at Site	June 22, 2022	June 27, 2022
Construction Contract Schedule		
Issue OSBL Major Equip. Purchase Orders	October 7, 2020	October 7, 2020 (A)
OSBL Construction Start	November 30, 2020	November 30, 2020 (A)
Start Initial Earthwork (Mass Grading)	January 7, 2021	January 15, 2021 (A)
Start Site Utilities – Natural Gas, Water, Sewer	February 11, 2021	April 28, 2021
Start Degassing Equipment Installation	January 10, 2022	October 19, 2022
Start Raw Material Handling Equip. Installation	September 2, 2021	August 18, 2022
Start Finished Material Handling Equip. Installation	October 20, 2021	October 25, 2021
Start Module Setting and Leveling	December 14, 2021	December 14, 2021
OSBL Mechanical Completion – Phase A	January 10, 2022	January 10, 2022
OSBL Substantial Completion – Phase A	February 11, 2022	January 31, 2022
All Modules Set and Leveled	June 22, 2022	June 22, 2022
OSBL Mechanical Completion – Phase B	July 14, 2022	July 14, 2022
OSBL Substantial Completion – Phase B	July 21, 2022	July 15, 2022
All Modules Installed and Interconnected	August 31, 2022	August 31, 2022
Detail ISBL Integration with OSBL Complete	August 31, 2022	August 31, 2022
Strat Hot Commissioning	September 11, 2022	September 11, 2022
OSBL Mechanical Completion – Phase C	September 11, 2022	September 16, 2022
OSBL Substantial Completion – Phase C	November 26, 2022	November 30, 2022
ISBL Mechanical Completion	October 17, 2022	October 22, 2022
Start Performance Testing	November 20, 2022	November 20, 2022
Commercial Plant Producing Final Product	December 1, 2022	December 1, 2022

1) Original baseline dates.

2) An (A) after a date indicates an actual date or completed activity.

3) From February 2021 Monthly Construction Schedule

As previously reported, the schedule baseline was established during January 2021 maintaining the contractual dates. The Owner and Denham-Blythe reported that the Project's summary critical path is though ISBL design, procurement, delivery, installation, commissioning, and start-up. The Owner also reported that, to date, there has been no variance to the critical path from the original contract schedule.

Change Orders

There were no change orders ("COs") approved by the Owner with Denham-Blythe or major equipment suppliers during the Relevant Period. Table 3 shows approved and pending COs under the EPC Contract and major equipment supply contracts through the end of the Relevant Period. The total out-of-scope cost approved under the EPC Contract and major equipment supply contracts as of the end of the Relevant Period was approximately \$2,169,257.

Table 3
Construction Contract Approved and Pending Change Orders

Item No.	Contract/Area	Cost Impact	Schedule Impact	Status
1	Total ISBL Equipment Supply ⁽¹⁾	\$ 992,958	None	Approved
2	Total EPC Contract ⁽¹⁾	\$1,173,989	None	Approved
3	Degassing Equipment Contract ^{(2) (3)}	\$ 2,310	None	Approved
	Total	\$2,169,257		

1) Various COs.

2) One CO.

3) Approximate Conversion from Euros.

Summary of Cost and Contingency

The budget status, as of the end of the Relevant Period, reflects the Borrower's Requisition for Payment Certificate dated March 30, 2021 for a March 31, 2021 funds transfer (the "Construction Requisition") covering work completed during February 2021 and early-March 2021, which also included the direct payments made by the Owner during January and February 2021. The budget presented in the Owner's progress report is \$397,625,124, including \$21,153,011 in construction contingency. Cumulative Project expenditures reported by the Borrower (including the Construction Requisition above) were \$131,754,945. Through the Relevant Period, no net use of contingency has been reported.

Miscellaneous

None at this time.

Areas of Concern

None at this time.

Photographs

Photographs included in Attachment 1 were taken on April 15, 2021.

Attachment 1: Photographs

Figure 1: Building 507 Roof Removal



Figure 2: Building 504 Roof Deck Installation



Figure 3: Building 504 Roof Insulation Installation



Figure 4: ISBL Area at Grade



Figure 5: Stormwater Drainage Installation



Figure 6: Stormwater Drainage Installation

