October 24, 2022

Via E-mail (KScottMathews@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: Dustin Olson

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
September 2022 Project Status Report

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 September 30, 2022 (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 ("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. During our review our observations indicated that progress made through the Relevant Period was not commensurate with Project objectives. As discussed further below, the completion is being delayed to March 3, 2023. Nevertheless, the Owner plans operational runs with polypropylene feedstocks and first pellet production on January 21, 2023.

The next monthly Project review meeting is scheduled for November 10, 2022 at the PureCycle office in Ironton, Ohio.

Sincerely,
LEIDOS ENGINEERING, LLC

Nicholas Drobot
Construction Manager

ND/KMN

Attachment

Ec: Karen Napoli, Kenneth Rush – 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 (“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 September 30, 2022 (the “Relevant Period”). We visited the Project on October 11, 2022 and participated in a progress meeting. 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 is 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 presented detailed updates highlighting the progress of EPC contractor activities under the Construction Contract. The Owner also reported on progress with regard to the ISBL equipment supply contract and the PureCycle-supplied OSBL equipment.

The Owner’s construction manager reported that the overall progress, as modified to reflect work added by approved change orders (“COs”), is 89.9 percent complete as compared to a re-baselined plan of 95.6 percent complete. As previously reported, Denham-Blythe and the major equipment supplier’s engineering effort commenced with the issuance of a Notice to Proceed (“NTP”) to all parties in October 2020.

During the Relevant Period, the engineering group continued updating the ISBL 3D model and programming and controls integration for the distributed control system (“DCS”). Design of various ISBL coproduct and waste stream handling systems was completed. Procurement activities continued with the receipt of equipment and material and the issuance of field requisitions. During the Relevant Period major deliveries included, but were not limited to, the ISBL modules, butane pumps and motor control centers (“MCCs”). Fabrication and delivery of ISBL modules was completed.

Construction activities by Denham-Blythe continued with the installation of electrical gear in Building 509 and “E-house 2” as well as pulling and terminating of electrical cable. Installation of the central utility plant piping in Building 509 was nearing completion. Pulling and terminating of electrical cable and energization of electrical gear in Building 504 “E-house 1” continued. Installation of the preprocess equipment in

Building 504 continued. Installation of electrical in Building 610 continued as did installation of electrical equipment, including the MCCs, in "E house 3" at Building 610. ISBL piping and process modules continued to be installed and interconnected. Installation of ISBL extraction tower internals was completed. Setting and installation of extruders continued. Installation of piping and electrical in the wastewater pretreatment ("WWPT") building was nearing completion and installation of the WWPT tank commenced. Installation activities at the rail loadout building continued and setting of the blend silo was completed. Installation of the Building 620 acoustical ceiling tile and painting was completed. Installation of site electrical distribution and telecom systems continued and underground rough-in for site lighting continued. As previously reported, the substation was successfully energized on March 17, 2022.

Startup continued with checkouts of the glycol system and compressed air system as well as checkouts of Building 509 "E-house 2" and Building 504 "E-house 1" electrical gear. Checkouts and cold commissioning of pre-process wash line 1 and dry line 1 continued. Pre-commissioning of the cooling, "syltherm" and hot oil systems continued, including circulating of applicable liquids. Preparations for boil-out of auxiliary boilers commenced. The addition of details to the commissioning and start-up schedule continued.

As discussed later in this Report, the completion date is being delayed. The delay runs through the critical path caused by delays associated with the delivery and installation of extruder (KE 250/PK 310) equipment and vent relief knockout drums. As previously reported, schedule mitigation discussions with Denham-Blythe and the ISBL equipment supplier continue and include, but are not limited to, additional shifts, a six-day work week and certain field fabrication to expedite deliveries. At the time of the visit, the Owner reported that another portion of this extruder is being delayed even further. Subsequent to the visit, the Owner reported that the additional delay was partially mitigated which resulted in a scheduled completion date of March 3, 2023. We note that there are numerous delays that have impacted the Project or continue to impact the Project, even if not directly impacting the current critical path. These impacts include, but are not limited to, the war in Ukraine, COVID-19, supply chain issues and low water on the Mississippi River. The Owner and its contractors continue to closely manage and work to successfully mitigate most of these delays. We also note that although the completion is being delayed until March 3, 2023, the Owner plans operational runs with polypropylene feedstocks and first pellet production on January 21, 2023. Budget overruns beyond contingency continue to be funded by PCT.

During the Relevant Period there was one Occupational Safety and Health Administration ("OSHA") recordable safety incident reported. There were no environmental incidents reported 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. We note that during the Relevant Period the actual and planned progress was modified to reflect work added by additional approved COs. The schedule progress is shown in Table 1.

Table 1
Completion Progress – PureCycle Polypropylene Phase II Project [1]

Project Phase	Cumulative Through September 2022 Planned % [2] [3]	Cumulative Through September 2022 Actual % [3]	Cumulative Through August 2022 Actual % [4]
Engineering	100	100	99.7
Procurement	99.7	99.1	97.1
Construction	92.9	78.2	75.9
Start-Up	36.0 [5]	28.9 [5]	15.3 [5]
Weighted Total	95.6	89.9	87.9

1) All progress is shown in percent ("%") unless noted.
2) The "planned" percentage complete represents the re-baseline established in January 2022 maintaining the contractual dates.
3) As modified to reflect work added by approved COs.
4) Does not include work added by approved COs during the Relevant Period.
5) As adjusted for correct schedule logic and detailing of activities.

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 engineering is essentially complete, including the engineering for the ISBL coproduct and waste stream handling systems. Updating of the ISBL 3D model continued as required as did addressing of engineering related "requests-for-information" ("RFIs"). Support of DCS programming and controls integration continued.

Procurement

Overall, the Owner's construction manager reported that, as modified to reflect work added by additional approved COs, 99.1 percent of the procurement effort was completed against a planned 99.7 percent of the new baseline plan.

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

- Continued to issue field requisitions as required;
- Continued monitoring of shipment of last four modules;
- Continued to receive and offload ISBL pipe rack and process modules;
- Accepted delivery of butane pumps and variable frequency drives ("VFDs");
- Accepted delivery of various MCCs;
- Continued receipt and offloading of prefabricated pipe for various systems; and
- Continued ISBL supplier and sub-vendor information exchange.

The Owner reported that certain DCS hardware factory acceptance tests have been completed.

Procurement is, with the exceptions discussed later in this Report, tracking materially on schedule and the Owner reported that they and the EPC Contractor are closely monitoring market conditions and supply chain impacts from COVID-19 to track and minimize or mitigate risk to the schedule.

Construction

Overall, the Owner's construction manager reported that, as modified to reflect work added by additional approved COs, 78.2 percent of the construction effort was completed against a planned 92.9 percent of the new baseline plan. Denham-Blythe construction activities through the Relevant Period include, but are not limited to, the following:

- Continued installation of high-pressure steam, "syltherm" and reverse osmosis system piping, insulation and painting in Building 509;
- Continued finalizing air compressor, glycol chillers and hot oil system installation in Building 509 in support of commissioning;
- Continued installation of electrical equipment, including MCCs, in Building 509 "E-house 2";
- Continued pulling and terminating of electrical cable in Building 509 and "E-house 2";
- Continued low voltage and controls installation in Building 509;
- Continued pulling and terminating electrical cable in Building 504;
- Continued installation of second wash line, second dry line and agglomeration equipment and components in Building 504;
- Continued low voltage and controls installation in Building 504;
- Continued pulling and terminating cable to agglomeration equipment in Building 504;
- Continued checkouts of first wash line and first dry line in Building 504;
- Continued connecting of feedstock storage and conveyance instrumentation and panels;
- Continued installation of piping and electrical in the WWPT Building;
- Continued low voltage and controls installation in WWPT Building;
- Continued installation of WWPT tank;
- Completed installation of bypass piping at WWPT tank;
- Completed support of "ALAR" and "PureAqua" commissioning;
- Continued installation of Building 610 (process building) equipment;
- Continued installation of PK-100, PK-110 and PK-720 extruders in Building 610;
- Continued mechanical and electrical rough-in and pulling of feeders to PK-100, PK-110 and PK-720 extruders in Building 610;
- Completed installation of the last of three PK-720 extruder foundations in Building 610;
- Commenced setting of PK-720 and PK-730 extruders in Building 610;
- Completed setting of PK-100 extruder in Building 610;
- Continued installation of electrical equipment in "E-house 3" at Building 610;
- Commenced setting of MCCs in "E-house 3" at Building 610;
- Continued installation of east pipe rack modules at Building 610;
- Completed setting of butane pumps and VFDs and commenced cable pulling;

- Completed installation of Building 615 (waste storage) walls and roof;
- Commenced rough-in of electrical in Building 615;
- Continued installation of fire protection system in Building 620 (commons building);
- Completed painting in Building 620;
- Completed rough-in of electrical and mechanical in Building 620;
- Completed installation of acoustical ceiling tile in Building 620;
- Completed server room in Building 620 in preparation for server installation;
- Continued resolution of remaining punchlist items in Building 640;
- Commenced installation of extruder building foundation;
- Continued installation of various ISBL foundations;
- Continued setting of various ISBL process and pipe rack modules;
- Continued interconnecting of installed ISBL modules;
- Completed installation of the C-200 extraction tower internals;
- Continued installation of process cooling tower;
- Completed plumbing and electrical rough-in in rail loadout building;
- Continued installation of rail loadout building equipment;
- Completed setting of blend silo on rail loadout building;
- Completed erection of flare;
- Continued installation of site electrical distribution and telecom systems;
- Continued installation of feedstock conveyance piping; and
- Continued backfilling and grading as required.

Our review of the construction activities indicates progress materially in support of Project objectives of most but not all activities. As previously reported, there are delays associated with the delivery and installation of extruder (KE-250/PK-310) equipment and vent relief knockout drums, due to the current industry-wide supply chain issues. At the time of the visit, the Owner reported that another portion of this extruder is being delayed even further. Subsequent to the visit, the Owner reported that the additional delay was partially mitigated, resulting in a scheduled completion date of March 3, 2023. The Owner continues to pursue all available expediting and workaround approaches.

The EPC Contractor reported that the manpower during the Relevant Period averaged approximately 331. At the time of the visit, it was reported that the manpower has increased to 403 of which 363 were on dayshift and 40 on nightshift.

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. As previously reported, a tracking procedure has been implemented and is being used for schedule compliance.

ISBL Equipment Supply

Review of ISBL equipment supplier's drawings continued. The design of the flare, knock-out drum and vent relief was completed and the fabrication of modules was completed. During the Relevant Period delivery and setting of ISBL process and piping pipe rack modules continued as did interconnecting of modules. Setting of "north bank" modules was completed. Setting and installation of extruders continued. Installation of the C-200 extraction tower internals was completed. Monitoring of shipment of the last four modules continued. The Owner reported that progress was materially on schedule, except as discussed later in this Report.

Pre-processing Equipment Supply

The pre-processing equipment supplier's engineering and design activities were previously completed as was the development of the operations and maintenance ("O&M") manuals. Delivery of preprocessing equipment was completed during the Relevant Period. The Owner reported that the installation of various preprocessing equipment continued under the guidance of the supplier's representative. Installation of the first wash line and first dry line was essentially complete and checkouts and cold commissioning were in progress. Installation of the equipment and components for the second wash line, second dry line and agglomeration lines continued.

Material Handling Equipment Supply

The design and engineering of material handling equipment was previously completed. Development of the ISBL coproduct and waste streams conveyance systems was completed during the Relevant Period. Delivery of components and conveyance system piping was essentially complete. Installation of feedstock conveyance piping was essentially complete and installation of the finished product silos was complete.

Degassing Equipment Supply

As previously reported, the degassing equipment supplier reported that engineering was complete as was fabrication. Delivery of degassing system components was completed and installation continued. Installation of the degassing tower was completed.

Interconnections

The Owner previously reported that the natural gas line to the Facility was installed. Installation of the metering related foundations was completed and the gas metering skid was set. Installation of "point-of-distribution" items was completed as was the commissioning of the gas line to the boundary line.

As previously reported, installation of the substation was completed and the substation was successfully energized on March 17, 2022.

Start-Up, Commissioning and Operations

Overall, the Owner's construction manager reported that, as modified to reflect work added by additional approved COs, 28.9 percent of the commissioning and start-up effort was completed against a planned 36.0 percent of the new baseline plan. Commissioning planning with regular coordination meetings continued.

As previously reported, the substation was energized on March 17, 2022 and energization of equipment in "E-house 1" and "E-house 2" continued. Building 504 electrical was placed on permanent power.

Checkout, commissioning and start-up activities through the Relevant Period include, but are not limited to, the following:

- Continued pre-commissioning of "syltherm" and hot oil systems in Building 509;
- Completed circulating of oil in hot oil system in Building 509;
- Completed leak testing of "syltherm" system in Building 509;
- Continued checkouts and of the glycol and compressed air systems at Building 509;
- Completed circulating water in cooling system in Building 509;
- Continued checkouts of Building 509 "E-house 2" high voltage panels and switchgear;
- Continued checkouts of Building 504 "E-house 1" high voltage panels and switchgear;
- Continued checkouts and cold commissioning of first pre-process wash line in Building 504;
- Continued checkouts and cold commissioning of first pre-process dry line in Building 504;
- Completed mechanical completion walkdown of natural gas system;
- Commenced preparations for boil-out of auxiliary boilers; and
- Continued detailing of the commissioning and start-up schedule.

The plant manager continued planning for the hiring of plant personnel and has established the required level of personnel as well as their duties. As previously noted, a number of plant personnel positions were filled by specific current Owner personnel. The Owner reported that hiring continued with all salaried positions but one having been filled. All but two maintenance personnel have been hired.

As mentioned above, development of a detailed commissioning and start-up schedule continued. Review of O&M manuals submitted to date by sub-suppliers continued as did development of the training program. As previously reported select classroom process training is in progress with certain classroom training having been completed.

Safety/Environmental/Permits

Safety and Environmental

The following items were reported through the Relevant Period:

- During the Relevant Period, the Owner's construction manager and Denham-Blythe reported that there was one OSHA recordable incident and no lost time incidents. Since the commencement of work at the Project Site, there were two recordable incidents and no lost time incidents.
- The Owner reported that there were 69,650 manhours worked during the Relevant Period and 566,650 cumulative manhours worked through the end of the Relevant Period.
- There were no environmental incidents reported at the Project Site during the Relevant Period.

The Owner reported that COVID-19 trends continued to be monitored and that policies are modified as required to reflect current Centers for Disease Control and Prevention guidelines. During the Relevant Period there were several reported COVID-19 cases.

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 and EPC Contractor reported that the following permitting activities were completed or continued through the Relevant Period:

- Continued to implement and monitor the stormwater pollution prevention plan ("SWPPP") at the Facility Site;
- Commenced implementation of changeover to operations industrial SWPPP;
- Continued monitoring the review progress of Building 605 and Building 615 building permits;
- Continued monitoring progress of commons building occupancy permit with an expected receipt shortly; and
- Continued working on the building permits and obtaining those permits required for the current phase of construction.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 and the final Air Permit was received from Ohio Environmental Protection Agency.

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 is required to submit a copy of their quality control plan to the Owner.

During the Relevant Period, the Owner reported no material quality assurance issues. Denham-Blythe continued to report that the required compaction testing of subgrade installation and backfilling continued as did the concrete sampling and gathering of test cylinders. Inspection of structural steel connection welding and torquing of bolts continued.

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	June 14, 2022 (A)
Non-Long Lead Vessel Modules Arrive at Site	May 12, 2022	June 14, 2022 (A)
Long Lead Vessel Modules Arrive at Site	June 1, 2022	October 14, 2022
Packaged and Shipped Loose Equip. Arrive at Site	June 22, 2022	November 14, 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 (A)
Start Degassing Equipment Structure Installation	January 10, 2022	March 21, 2022 (A)
Start Raw Material Handling Equip. Installation	September 2, 2021	September 13, 2021(A)
Start Finished Material Handling Equip. Installation	October 20, 2021	April 18, 2022 (A)
OSBL Mechanical Completion – Phase A	January 10, 2022	October 10, 2022
OSBL Substantial Completion – Phase A	February 11, 2022	October 31, 2022
Start Packaged Equipment Module Setting	June 27, 2022	July 18, 2022 (A)
All Modules Set and Leveled	August 4, 2022	November 7, 2022
OSBL Mechanical Completion – Phase B	July 14, 2022	November 8, 2022
OSBL Substantial Completion – Phase B	July 21, 2022	November 22, 2022
All Modules Installed and Interconnected	August 31, 2022	October 27, 2022
Detail ISBL Integration with OSBL Complete	August 31, 2022	January 3, 2023
Start ISBL Hot Commissioning	September 11, 2022	January 21, 2023
OSBL Mechanical Completion – Phase C	September 11, 2022	January 3, 2023
OSBL Substantial Completion – Phase C	November 26, 2022	January 4, 2023
Start Performance Testing	November 20, 2022	March 3, 2023
Commercial Plant Producing Final Product	December 1, 2022	March 3, 2023

1) Original baseline dates.
2) An (A) after a date indicates an actual date or completed activity.
3) From September 2022 Monthly Construction Schedule.

The Owner and Denham-Blythe reported that the current critical path runs through the delays associated with the delivery and installation of extruder (KE 250/PK 310) equipment and vent relief knockout drums, due to the current industry-wide supply chain issues. At the time of the visit, the Owner reported that another portion of the extruder is being delayed even further. Subsequent to the visit, the Owner reported that the additional delay was partially mitigated, but resulted in a scheduled completion date of March 3, 2023. We note that there are numerous delays that have impacted the Project or continue to impact the Project, even if not directly impacting the current critical path. These impacts include, but are not limited to, the war in Ukraine, COVID-19, supply chain issues and low water on the Mississippi River. The Owner and its contractors continue to closely manage and work to successfully mitigate most of these delays. We also note that although the completion is being delayed to March 3, 2023, the Owner plans operational runs with polypropylene feedstocks and first pellet production on January 21, 2023.

The Denham-Blythe subcontractors have not yet submitted COs to extend their respective completion dates.

The Owner reported several other earlier items that delayed near critical activities at the time. These items include, but are not limited to, the Project safety management effort requiring significantly more time than planned, supply chain issues causing the preprocessing equipment to be delivered late, and significantly longer lead times for structural steel.

The Owner has developed contingency plans including, but not limited to, executing certain installation activities and/or field fabrication in lieu of the activities being performed at the fabrication shop. Furthermore, the Owner is in schedule mitigation discussions with Denham-Blythe and the ISBL equipment supplier which include, but are not limited to, additional shifts, a six-day work week and, as mentioned above, certain field fabrication to expedite deliveries.

Change Orders

There were several COs approved or finalized by the Owner with Denham-Blythe or major equipment suppliers during the Relevant Period. Table 3 shows approved COs under the EPC Contract and major equipment supply contracts through the end of the Relevant Period. The total out-of-scope cost approved and/or pending COs under the EPC Contract and major equipment supply contracts, as of the end of the Relevant Period, was approximately $84,077,146, of which Contingency will fund $21,153,011, PCT has funded $3,792,433, and $4,889,499 is being funded by Budgeted Allowances and realized savings. The remaining $54,242,203 will be funded by PCT.

As previously noted, PCT has identified additional COs which are supply chain-related due to COVID-19 and a Project de-risking activity that allows PCT to process higher levels of solids and polyethylene in the feedstocks. These potential COs are in the range of $55,000,000 to $65,000,000, and the $54,242,203 mentioned above will be paid for by PCT with existing funds and not by the Project. We also note that there are 10 pending COs not yet received by Leidos in the amount of $5,820,927 which, when approved, will be paid for by PCT with existing funds and not by the Project. We note that this amount is part of the $54,242,203 above and not in addition to.

Table 3
Construction Contract Approved and Pending Change Orders

Item No.	Contract/Area	Cost Impact	Schedule Impact	Status
1	Total ISBL Equipment Supply (1)	$12,809,637	None	Approved/ Pending
2	Total EPC Contract (1)	70,066,798	None	Approved/ Pending
3	Material Handling	1,051,354	None	Approved
4	Pre-processing Equipment (2)	155,880	None	Approved
5	Degassing Equipment Contract (1) (2)	(6,523)	None	Approved
	Total	$84,077,146		

1) Various COs.
2) Approximate conversion from Euros.

Summary of Cost and Contingency

Subsequent to the Relevant Period, the Borrower submitted a draft Borrower's Requisition for Payment Certificate dated October 24, 2022 (the "Construction Requisition") covering work completed during September 2022.

The budget and expenditures, as presented by the Owner, are shown in Table 4.

Table 4
Facility Budget and Expenditures through the Relevant Period (1)

Cost Category	Facility Budget (1)	Payments Made to Date	Pending Draw of LOC	Pending (2)	Remaining Budget
Facility Costs (3)	$ 242,079,604	$232,369,700		$9,709,904	$0
LOC (4)	1,830,000		$1,830,000		0
Financing Costs	97,979,918	50,316,065		20,649	47,603,204
Capitalized Interest Reserve (5)	55,723,700	30,330,671			25,393,029
Debt Service Reserve (6)	20,987,800				20,987,800
Cost of Issuance (7)	21,268,418	19,985,394		20,649	1,262,375
Development Costs (8)	55,735,603	55,735,603			
Total	$397,625,125	$338,421,368	$1,830,000	$9,730,553	$47,643,204

1) "Facility" refers to the production facility located in Ironton, Ohio and referred to by PCT as "Plant 1".
2) Current Requisition.
3) Facility Costs include: engineering, procurement of certain materials, construction costs, program management, inspections and testing and other various required elements for cost to complete the Facility.
4) Letter of Credit ("LOC") is related to an LOC for the Facility and is included in restricted cash on the PCT balance sheet. The current LOC is $2,110,000 with a currently estimated spending of $280,000 of full amount.
5) Capitalized Interest Required Reserve represents future interest payments through December 1, 2023.
6) Debt Service Required Reserve represents a portion of debt service required to be in reserve.
7) Cost of Issuance represents remaining reimbursable costs for engineering reviews, legal fees, etc.
8) Development Costs include: cost to construct the FEU, land purchases and other development related expenses.

We note that the total Facility budget includes $21,153,011 of construction contingency. Cumulative Project expenditures reported by the Borrower were $349,981,922. Included in the current expenditures are total costs in the table above in the columns titled *"Payments Made to Date", "Pending Draw of LOC"* and *"Pending"* (the Construction Requisition above). Through the Relevant Period, net allocation of contingency, allowances and actual or planned payments by PCT was reported to be $21,153,011. We note that although this amount was allocated and funds will be drawn, the appropriate funds will be returned to contingency in the allowed time to maintain the required $21,153,011 level.

Miscellaneous

None at this time.

Areas of Concern

As discussed above and previously reported, there are delays associated with the delivery and installation of extruder (KE 250/PK 310) equipment and vent relief knockout drums, due to the current industry-wide supply chain issues. At the time of the visit, the Owner reported that another portion of this extruder is being delayed even further. Subsequent to the visit, the Owner reported that the additional delay was partially mitigated, but resulted in a scheduled completion date of March 3, 2023. We note that there are numerous delays that have impacted the Project or continue to impact the Project, even if not directly impacting the current critical path. These impacts include, but are not limited to, the war in Ukraine, COVID-19, supply chain issues and low water on the Mississippi River. The Owner and its contractors continue to closely manage and work to successfully mitigate most of these delays. We also note that although the completion is being delayed to March 3, 2023, the Owner plans operational runs with polypropylene feedstocks and first pellet production on January 21, 2023.

For delays which can be mitigated, the Owner has developed contingency plans including, but not limited to, executing certain installation activities and/or field fabrication in lieu of the activities being performed at the fabrication shop. Furthermore, the Owner continues schedule mitigation discussions with Denham-Blythe and the ISBL equipment supplier which include, but are not limited to, additional shifts, a six-day work week and, as mentioned above, certain field fabrication to expedite deliveries.

Photographs

Photographs included in Attachment 1 were taken on October 11, 2022.

Attachment 1: Photographs

Figure 1: Completion of Laboratory Architectural Finishes

Figure 2: Butane Area Installation

Figure 3: Installation of Extruder PK-710 in Building 610

Figure 4: Installation and Interconnection of Process Modules and Equipment

Figure 5: Insulation of Piping in Central Utility Plant in Building 509

Figure 6: Pulling of Electrical Cable Through Cable Trays