December 19, 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
November 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 November 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 4, 2023. Nevertheless, the Owner plans operational runs with polypropylene feedstocks and first pellet production from virgin polypropylene and from recycled polypropylene in mid-January 2023 and early-February 2023, respectively.

The next monthly Project review meeting is scheduled for January 12, 2023 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, 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 November 30, 2022 (the “Relevant Period”). We visited the Project on December 8, 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 94.4 percent complete as compared to a re-baselined plan of 96.5 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, ISBL pipe support analysis and programming and controls integration for the distributed control system (“DCS”). Documentation of as-built conditions continued. Procurement activities continued with monitoring and expediting of the V-411 extraction column waste stream vessel, Building 605 heating, ventilating and air conditioning (“HVAC”) equipment and “I/O” cards for electrical cabinets.

Construction activities by Denham-Blythe continued with the installation of electrical gear in Building 610 and “E-house 3” as well as pulling and terminating of electrical cable and checkouts in all three “E-houses”. Insulation of the central utility plant piping in Building 509 continued. Addressing of the preprocess equipment punchlist items in Building 504 was completed and checkouts were in progress. Installation of PK-720 and PK-730 extruders, including the pelletizer, dryer and classifier package, continued and the

mechanical installation of PK-100 and PK-110 extruders in Building 610 was completed. The last ISBL module was set and interconnecting of ISBL modules continued. Final inspection and closure of vessels continued. Installation of degassing equipment at Building 615 continued and installation of associated degassing piping commenced. Setting of equipment in and at Building 605 commenced. Installation activities at the rail loadout building continued and grouting of rails through the building was completed. Installation of site electrical distribution and telecom systems continued as did installation of the remaining finished product conveyance equipment and components. As previously reported, the substation was successfully energized on March 17, 2022. Energization of all areas on permanent power was essentially complete.

Start-up continued with mechanical completion walkdowns of the completed systems and pre-start-up safety reviews ("PSSRs") of turned over systems. Final inspections and closure of major vessels continued. Checkouts and commissioning of pre-process wash lines, dry lines and agglomeration equipment continued. 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. As previously reported, schedule mitigation discussions with Denham-Blythe and the ISBL equipment supplier and sub-supplier continue and include, but are not limited to, additional shifts, a six-day work week and certain field fabrication to expedite deliveries. 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. The Owner and extruder supplier have detailed multiple contingency plans that were to result in the extruder delivery in mid-December 2022. This timeline is the current critical path and will result in: (a) the Facility ready for solvent introduction into the process mid-January 2023; (b) first pellet production on virgin polypropylene in January 2023; (c) first feedstock testing in early-February 2023; (d) the start of the Performance Test on February 25, 2023; and (e) Substantial Completion on March 4, 2023. The Owner continues to evaluate commissioning and startup of operations procedures and so as to ensure safe and efficient start of operations. Budget overruns beyond contingency continue to be funded by PCT.

During the Relevant Period there were no Occupational Safety and Health Administration ("OSHA") recordable safety incidents 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 November 2022 Planned % [2] [3]	Cumulative Through November 2022 Actual % [3]	Cumulative Through October 2022 Actual % [4]
Engineering	99.3 [6]	99.9	99.6 [6]
Procurement	99.5	99.7	98.1 [6]
Construction	92.7	88.6	85.6
Start-Up	87.8 [5]	61.3 [5]	44.5 [5]
Weighted Total	96.5	94.4	92.2

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.
6) Incorporating of COs reduced the percentage to below the percentage previously reported.

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 and the engineering coordination for vent relief piping and pipe supports at relief devices was nearing completion. Updating of the ISBL 3D model and ISBL pipe support analysis continued as did addressing of engineering related -requests for information- ("RFIs"). Documentation of as-built conditions continued as did support of DCS programming and controls integration.

Procurement

Overall, the Owner's construction manager reported that, as modified to reflect work added by additional approved COs, 99.7 percent of the procurement effort was completed against a planned 99.5 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 and expediting of KE-250 extruder delivery;
- Continued monitoring and expediting of V-411 extraction column waste stream vessel;
- Continued monitoring and expediting of Building 605 HVAC equipment;
- Continued to monitor and search for potential alternate sources of "I/O" cards for electrical cabinets;
- Accepted delivery of the last knockout drum;
- Continued receipt and offloading of prefabricated pipe for various systems; and
- Continued ISBL supplier and sub-vendor information exchange.

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, 88.6 percent of the construction effort was completed against a planned 92.7 percent of the new baseline plan. Denham-Blythe construction activities through the Relevant Period include, but are not limited to, the following:

- Completed installation of remaining piping vents and drains in Building 509;
- Continued insulation and painting of piping in Building 509;
- Commenced boil-out of auxiliary boilers in Building 509;
- Continued installation of electrical equipment, including motor control centers, in Building 509 "E-house 2" and commenced energization of same;
- Continued pulling and terminating of electrical cable in Building 509 and "E-house 2";
- Continued low-voltage and controls installation in Building 509;
- Continued terminating of electrical cable in Building 504;
- Continued addressing of wash line, dry line and agglomeration equipment punchlist items in Building 504;
- Continued low-voltage and controls termination in Building 504;
- Continued checkouts of wash lines, dry lines and agglomeration equipment in Building 504;
- Completed installation of high-speed overhead doors in Building 504;
- Continued connecting of feedstock storage and conveyance instrumentation and panels;
- Continued installation of Building 610 (process building) equipment;
- Completed mechanical installation of PK-100 and PK-110 extruders in Building 610;
- Completed installation of PK-100 and PK-110 extruder hopper structural supports in Building 610;
- Continued installation of conveyance and electrical connections to PK-100 and PK-110 extruders in Building 610;
- Continued installation of PK-730 pelletizer, dryer and classifier package in Building 610;
- Continued mechanical and electrical installation to PK-720 and PK-730 extruders in Building 610;
- Continued installation of electrical equipment and energization in "E-house 3" at Building 610;
- Completed setting and leveling of ISBL process and pipe rack modules at Building 610;
- Continued interconnecting ISBL process and pipe modules at Building 610;
- Completed setting of V-300 settler in ISBL area and commenced installation of pipe supports;
- Continued pulling of electrical cable to pumps in ISBL area;
- Continued setting and installation of waste densification process equipment in Building 615;
- Continued installation of degassing equipment at Building 615;
- Commenced installation of degassing piping at Building 615;
- Continued rough-in of electrical in Building 615;

- Continued installation of fire suppression system in Building 615;
- Continued addressing punchlist items in Building 620 (commons building);
- Continued installation of fire and gas detection items in Building 640;
- Continued resolution of remaining punchlist items in Building 640;
- Completed installation of Building 605 (extruder building) structure and roof;
- Commenced setting of equipment in and at Building 605;
- Continued installation of various remaining ISBL pipe support foundations;
- Completed inspection and closure of V-120 imbiber and V-500 diatomaceous earth slurry tank;
- Completed setting of knockout drums;
- Continued setting and installation of thermal oxidizer;
- Commenced installation of air and gas piping to thermal oxidizer;
- Completed grouting of rails through rail loadout building;
- Continued installation of electrical in rail loadout building;
- Continued installation of deluge system in various areas;
- Continued installation of site electrical distribution and telecom systems;
- Continued installation of remaining finished product conveyance piping and components; and
- Continued installation of remaining feedstock conveyance items.

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. The Owner and extruder supplier have detailed multiple contingency plans that will result in the extruder delivery in mid-December 2022. This timeline is the current critical path and will result in: (a) first pellet production on virgin polypropylene in mid-January 2023; (b) first feedstock testing in early-February 2023; (c) the start of the Performance Test on February 25, 2023; and (d) Substantial Completion on March 4, 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 364.

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 the delivery of ISBL modules was completed and setting of process and piping pipe rack modules continued as did interconnecting of modules. Setting of "north bank" modules was completed. Installation of extruders

continued. Inspection and closure of the C-200 extraction tower was previously completed and inspection and closure of the V-120 imbiber and V-500 diatomaceous earth slurry tank was completed during the Relevant Period.

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 as was the installation of the wash line, dry line and agglomeration equipment. Checkouts and commissioning of the wash lines, dry lines and agglomeration equipment continued. Runs on feedstock through dry line, wash line and agglomeration equipment 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. Delivery of components and conveyance system piping was complete and installation of feedstock conveyance piping was essentially complete and installation of product conveyance piping continued. Installation of the finished product conveyance equipment and components continued. Commissioning of feedstock material conveyance and storage, including feedstock silo rotary valves, bulk bag loader, box dumper and bulk bag unloader continued.

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. Installation of degassing equipment at Building 615 continued and installation of related degassing piping commenced.

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. Energizing of all areas on permanent power was nearing completion.

Start-Up, Commissioning and Operations

Overall, the Owner's construction manager reported that, as modified to reflect work added by additional approved COs, 81.3 percent of the commissioning and start-up effort was completed against a planned 87.8 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, as mentioned above, energizing of all areas on permanent power was nearing completion.

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

- Completed powering up of server;
- Completed installation of DCS base program and continued configuration;
- Commenced preparations for loop checking;
- Continued mechanical completion walkdowns of completed systems;
- Completed converting all areas to permanent power;
- 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;
- Completed energization of Building 610 "E-house 3" and commenced checkouts;
- Continued PSSRs of turned over systems;
- Continued checkouts and commissioning of dry lines and wash lines in Building 504;
- Continued commissioning of agglomeration equipment in Building 504;
- Continued runs on feedstock through dry line, wash line and agglomeration equipment;
- Continued commissioning of feedstock material conveyance and storage, including feedstock silo rotary valves, bulk bag loader and box dumper;
- Confirmed transfer operation of material to feedstock silo;
- Continued final inspections and closure of certain major vessels, including the V-120 imbiber and V-500 diatomaceous earth slurry tank;
- Commenced boil-out of auxiliary boilers;
- Continued hydrostatic and pneumatic testing of completed sections of piping systems; 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 no OSHA recordable incidents 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 107,484 manhours worked during the Relevant Period and 779,484 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. During the Relevant Period there were no 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;
- Continued implementation of changeover to the SWPPP for industrial operations;
- Received Building 605 and Building 615 final building permits; and
- Continued working on obtaining those permits required for the current phase of construction, start-up and operation.The Owner reported that, with the exception of Buildings 610, 630, 605 and Building 615, all certificates of occupancy have been received. The Owner also reported that the EPC Contractor was working on handing over more areas of Building 504 to the Owner.

The Owner reported that all necessary permits required for the current phase of construction, start-up and operation have been or are being secured. As previously reported, 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 concrete sampling and gathering of test cylinders continued as did inspection of structural steel connection welding and torquing of bolts. Final inspections and closure of major vessels, including the V-120 imbiber and V-500 diatomaceous earth slurry tank, 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 31, 2022 (A)
Packaged and Shipped Loose Equip. Arrive at Site	June 22, 2022	November 28, 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	December 9, 2022
OSBL Substantial Completion – Phase A	February 11, 2022	December 29, 2022
Start Packaged Equipment Module Setting	June 27, 2022	July 18, 2022 (A)
All Modules Set and Leveled	August 4, 2022	November 9, 2022
OSBL Mechanical Completion – Phase B	July 14, 2022	December 14, 2022
OSBL Substantial Completion – Phase B	July 21, 2022	December 28, 2022
All Modules Installed and Interconnected	August 31, 2022	December 13, 2022
Detail ISBL Integration with OSBL Complete	August 31, 2022	January 24, 2023
Start ISBL Hot Commissioning	September 11, 2022	January 20, 2023
OSBL Mechanical Completion – Phase C	September 11, 2022	January 9, 2023
OSBL Substantial Completion – Phase C	November 26, 2022	February 17, 2023
Start Performance Testing	November 20, 2022	February 25 2023
Commercial Plant Producing Final Product	December 1, 2022	March 4, 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. [should this be a later date for the 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. 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. 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. The Owner and extruder supplier have detailed multiple contingency plans that will result in the extruder delivery in mid-December 2022. This timeline is the current critical path and will result in: (a) the Facility ready for solvent introduction into the process mid-January 2023; (b) first pellet production on virgin polypropylene in January 2023; (c) first feedstock testing in early-February 2023; (d) the start of the Performance Test on February 25, 2023; and (e) Substantial Completion on March 4, 2023. As mentioned above, the Owner continues to evaluate commissioning and startup of operations procedures and so as to ensure safe and efficient start of operations--.

As previously reported, Denham-Blythe and their 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, major equipment supply contracts and other budget variances through October 31, 2022. The total out-of-scope cost approved and/or pending COs under the EPC Contract, major equipment supply contracts and other budget variances, as of October 31, 2022, was approximately $92,371,938, of which Contingency will fund $21,153,011 and $4,889,499 is being funded by Budgeted Allowances and realized savings. The remaining $66,329,426 is being funded by PCT. We note that a thorough review of approved, submitted and anticipated change orders is in progress and the current values at the time will be reported as soon as reasonably practicable.

The Owner reported that the bulk of the $66,329,426 funded by PCT for COs and other budget variances is related to supply chain issues reported to be due to COVID-19 and a Project de risking activity that allows PCT to process higher levels of solids and polyethylene in the feedstocks and other recently identified improvements.

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)	75,982,679	None	Approved/ Pending
3	Material Handling	1,192,764	None	Approved
4	Pre-processing Equipment (2)	155,880	None	Approved
5	Degassing Equipment Contract (1) (2)	(6,523)	None	Approved
	Sub-Total	$90,134,437		
	Other Budget Variances	2,237,501		
	Total	$92,371,938		

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

Summary of Cost and Contingency

During the Relevant Period, the Borrower made payments with PCT funds covering work completed during October 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)	Adjusted Facility Budget	Payments Made to Date	Remaining Budget
Facility Costs (2)	$ 242,079,604	$315,227,631	$257,504,334	$57,723,297
LOC (3)	1,830,000			0
Financing Costs	97,979,918	97,979,918	50,361,444	47,618,474
Capitalized Interest Reserve (4)	55,723,700	55,723,700	30,330,671	25,393,029
Debt Service Reserve (5)	20,987,800	20,987,800		20,987,800
Cost of Issuance (6)	21,268,418	21,268,418	20,030,773	1,237,654
Development Costs (7)	55,735,603	55,735,603	55,735,603	
Total	$397,625,125	$468,943,152	$363,601,382	$105,341,771

1) "Facility" refers to the production facility located in Ironton, Ohio and referred to by PCT as "Plant 1".
2) 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.
3) Letter of Credit ("LOC") is related to an LOC for the Facility and was included in restricted cash on the PCT balance sheet.
4) Capitalized Interest Required Reserve represents future interest payments through December 1, 2023.
5) Debt Service Required Reserve represents a portion of debt service required to be in reserve.
6) Cost of Issuance represents remaining reimbursable costs for engineering reviews, legal fees, etc.
7) Development Costs include: cost to construct the FEU, land purchases and other development related expenses.

The adjusted Facility budget is $468,943,152 and includes $21,153,011 of construction contingency. Cumulative Project expenditures reported by the Borrower were $363,601,382. Included in the current expenditures are total costs in Table 4 above in the columns titled *"Payments Made to Date"*. 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. 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. 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. The Owner and extruder supplier have detailed multiple contingency plans that will result in the extruder delivery in mid-December 2022. This timeline is the current critical path and will result in: (a) the Facility ready for solvent introduction into the process mid-January 2023; (b) first pellet production on virgin polypropylene in January 2023; (c) first feedstock testing in early-February 2023; (d) the start of the Performance Test on February 25, 2023; and (e) Substantial Completion on March 4, 2023. As mentioned above, the Owner continues to evaluate commissioning and startup of operations procedures and so as to ensure safe and efficient start of operations--.

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 December 8, 2022.

Attachment 1: Photographs

Figure 1: PK-100 and PK-110 Extruders in Building 610

Figure 2: Installation of Reverse Osmosis System in Building 610

Figure 3: Installation of Fire Protection System Header in Building 610

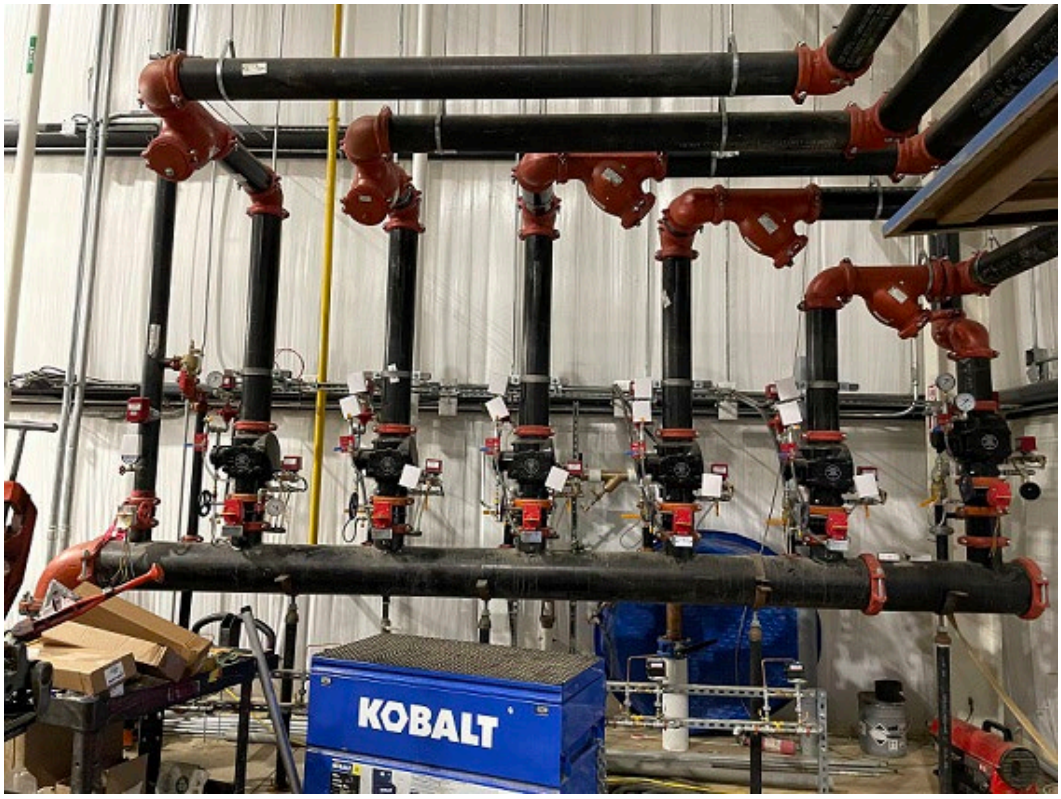

Figure 4: Checkout of Electrical Equipment in "E-house 3" at Building 610

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

Figure 6: Installation of Knockout Drums