



[REVISED]

September 16, 2021 (Revised November 11, 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
August 2021 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 August 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 ("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 October 14, 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 (“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 August 31, 2021 (the “Relevant Period”). We visited the Project job site in Ironton, Ohio on September 16, 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 ISBL 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 32.3 percent complete as compared to a re-baselined plan of 34.6 percent complete. As previously reported, Denham-Blythe and 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 activities included the development of building piping layouts and general layouts as well as building structural design. Rail load-out building design continued as did the development of the ISBL 3D model. Engineering activities also continued for the wastewater pretreatment system, flare header and knockout drums as well as the site lighting plan. Design of Building 509 equipment and pipe rack foundations and fire pump house was completed and controls integration commenced. Procurement activities continued with the award of the process building structural steel scope of work as well as the monitoring of delivery schedules for all major equipment. Construction activities by Denham-Blythe continued with painting of the structural steel and rough-in of heating, ventilating and air conditioning (“HVAC”), piping and electrical in the existing buildings. Installation of under-slab piping continued as did installation of office partition framing and drywall. Installation of the Building 504 roofing was completed and installation of major equipment foundations in existing buildings continued. Installation of underground

fire protection continued as did installation of the stormwater drainage system and the sanitary sewer. In summary, the Project appears to be materially 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. Deliveries of equipment continued during the Relevant Period.

During the Relevant Period there were no Occupational Safety and Health Administration ("OSHA") recordable safety incidents 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. We note that a new baseline schedule was established at the end of June 2021. The schedule progress is shown in Table 1.

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

Project Phase	Cumulative Through August 2021 Planned % ⁽²⁾	Cumulative Through August 2021 Actual %	Cumulative Through July 2021 Actual %
Engineering	77.5	71.9	61.5
Procurement	29.9	28.5	23.6
Construction	26.8	23.8	17.0
Start-Up	0.0	0.0	0.0
Weighted Total	34.6	32.3	26.3

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

2) The "planned" percentage complete represents the re-baseline established in June 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 71.9 percent of the engineering and design effort was completed against a planned 77.5 percent of the new baseline plan. The Owner reported that detailed engineering coordination meetings are continuing, as required, with Denham-Blythe, the ISBL equipment supplier and the OSBL equipment supplier. Denham-Blythe, the major equipment suppliers and the Owner continued to coordinate information exchanges 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 development of site utilities;
- Continued site material conveyance supports design;
- Continued utility building piping and general layout;
- Continued design and coordination for the rail spur;
- Continued coordination of engineering for Buildings 504 and 509 mechanical, electrical and piping;
- Continued engineering for "E-House" No. 3 for Building 610;
- Continued process building layout;
- Continued rail load-out building design with structural design having been completed;
- Continued development of design drawings for long lead and non-long lead ISBL modules;
- Continued ISBL foundation design;
- Continued Building 610 and Building 620 structural design;
- Continued engineering of wastewater pre-treatment system ("WWPTS");
- Continued the design of sanitary sewer collection, domestic water distribution and natural gas distribution utility systems;
- Continued engineering of ISBL flare header and knockout drums;
- Continued ISBL module structural design;
- Continued development of the ISBL 3D model;
- Continued level of protection analysis ("LOPA") reviews;
- Continued development of site lighting plan;
- Commenced controls integration;
- Completed Building 509 equipment and pipe rack foundation design;
- Completed design of fire pump house;
- Reissued boiler controls and management control system specifications for LOPA;
- Completed preliminary design of ISBL containment and drainage system; and
- Completed revision of wastewater collection system drawing for Ohio Environmental Protection Agency ("OEPA") permit approval.

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

Procurement

Overall, the Owner's construction manager reported that 28.5 percent of the procurement effort was completed against a planned 29.9 percent of the new baseline plan.

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

- Issued fire pump house building design “for bidding”;
- Awarded process building structural steel scope of work;
- Continued monitoring of long lead substation equipment delivery schedule;
- Continued to monitor timing of vendor engineering submittals;
- Continued to accept deliveries of equipment; and
- Continued ISBL supplier and sub-vendor information exchange.

We note that the delivery of long lead electrical equipment for the substation and interconnection is scheduled for December 2021 and the shipment of the pre-processing wash-line components is scheduled for late October 2021.

Although procurement is tracking materially on schedule, 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 risk, if any, to the schedule. As an example, current market conditions are contributing to longer lead times for structural steel.

Construction

Overall, the Owner's construction manager reported that 23.8 percent of the construction effort was completed against a planned 26.8 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 Building 504 roofing;
- Completed installation of Building 504 and Building 507 office wall framing;
- Completed painting of Building 504 critical structural steel;
- Completed rough-in of Building 504 plumbing;
- Completed rough-in of Building 507 and Building 509 fire protection;
- Completed installation of Building 509 partition walls;
- Completed installation of Building 509 ramp;
- Completed installation of Building 509 electrical room foundation;
- Completed installation and testing of site gas piping;
- Completed installation of “Phase A” underground fire protection;
- Completed installation of site domestic water utilities;
- Continued rough-in of Building 507 electrical;
- Continued Building 509 painting;
- Continued rough-in of HVAC in Building 504 office area;
- Continued installation of Building 504 truss reinforcement steel;
- Continued installation of Building 504 canopy structural steel;
- Commenced installation of Building 509 equipment foundations;
- Commenced installation of Building 504 and Building 507 office area drywall;

- Commenced installation of sanitary sewer;
- Continued installation of stormwater drainage system; and
- Continued installation of site fire water distribution system.

Our review of the construction activities indicates progress materially in support of Project objectives. As previously reported, Denham-Blythe reported that the redesign of the process building has affected the critical path. The Owner is currently working with Denham-Blythe to confirm the impacts, if any, 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. As previously reported, a tracking procedure has been implemented and is being tracked for schedule compliance.

ISBL Equipment Supply

As previously reported, the procurement process has begun and several schedule critical supply and fabrication subcontracts were awarded, including but not limited to, high-pressure vessels and extruders. 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 design. Placement of purchase orders to sub-suppliers for material and equipment continued. Fabrication of module structural steel continued. The Owner reported that progress was materially on schedule.

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 and development of detailed equipment drawings and operations and maintenance ("O&M") manuals. Procurement of material for the wash line continued and a ship date of late October 2021 has been confirmed.

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 their portion of the rail load out system, the development of the finished material handling and the development of the ISBL waste streams and bi-product conveyance system. Coordination with extrusion equipment in Building 610 continued as did the fabrication of the raw material handling and storage systems. Delivery of feedstock silo system components continued.

Degassing Equipment Supply

As previously reported, the degassing equipment supplier's initial engineering kickoff meeting was held on October 12, 2020. As previously reported, the degassing equipment supplier reported that engineering was complete and that procurement of material and fabrication was in progress. Delivery of degassing system components commenced during the Relevant Period.

Interconnections

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

As previously reported, the kick-off meeting with AEP was held on January 12, 2021 and regular progress meetings continue. Ordering of long lead substation equipment was completed. The Owner previously reported that construction was scheduled to commence in November 2021 and be completed in March 2022.

The wastewater tie-in to the County system effort continued during the Relevant Period with the coordination of OSBL site connections. Installation of the pipeline along County Road 1A continued and was observed during the visit. As previously reported, the selected contractor confirmed a December 2021 installation completion schedule.

Start-Up, Commissioning and Operations

The Owner reported that activities in support of start-up and commissioning of the Project were not scheduled to commence.

The plant manager continued planning for the hiring of plant personnel and has established the required level of personnel as well as their duties. The training program and manuals are in development. As previously noted, a number of plant personnel positions will be filled by specific current Owner personnel. Hiring of the remaining plant personnel is scheduled to commence in late 2021.

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 there were no OSHA recordable incidents and no lost time incidents. Since the commencement of work at the Project Site, there was one recordable incident and no lost time incidents.
- The Owner reported that there were 12,477 manhours worked during the Relevant Period and 71,977 cumulative manhours worked through the end of the Relevant Period.

The Owner reported that COVID-19 trends continued to be monitored and that policies have been modified to reflect current CDC guidelines. To date, there has been one reported case of COVID-19 on the construction site.

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;
- Submitted to the OEPA the remaining two of four resubmittals for the air permit modifications for the entire site;
- Received the permit-to-install for the sanitary sewer system;
- Received building permit approval for Building 620; 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. 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.

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 plans to the Owner.

During the Relevant Period, the Owner reported no material quality assurance issues. Denham-Blythe reported that the required compaction testing of subgrade installation and backfilling continued as did the concrete sampling and gathering of test cylinders. Inspection of masonry installation was also being performed.

Schedule

Table 2 displays key Project milestone dates. There were no key Project milestone achieved or scheduled to be 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 22, 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 Installation	January 10, 2022	February 15, 2022
Start Raw Material Handling Equip. Installation	September 2, 2021	September 20, 2021
Start Finished Material Handling Equip. Installation	October 20, 2021	December 7, 2021
OSBL Mechanical Completion – Phase A	January 10, 2022	April 18, 2022 ⁽⁴⁾
OSBL Substantial Completion – Phase A	February 11, 2022	May 9, 2022 ⁽⁴⁾
Start Packaged Equipment Module Setting	June 27, 2022	June 27, 2022
All Modules Set and Leveled	August 4, 2022	July 21, 2022
OSBL Mechanical Completion – Phase B	July 14, 2022	July 29, 2022
OSBL Substantial Completion – Phase B	July 21, 2022	August 30, 2022
All Modules Installed and Interconnected	August 31, 2022	September 5, 2022
Detail ISBL Integration with OSBL Complete	August 31, 2022	September 5, 2022
Start Hot Commissioning	September 11, 2022	September 20, 2022
OSBL Mechanical Completion – Phase C	September 11, 2022	September 19, 2022
OSBL Substantial Completion – Phase C	November 26, 2022	November 29, 2022
ISBL Mechanical Completion	October 17, 2022	October 12, 2022
Start Performance Testing	November 20, 2022	November 18, 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 August 2021 Monthly Construction Schedule

4)

As mentioned above, a new baseline schedule was established at the end of June 2021 maintaining the contractual dates. The Owner and Denham-Blythe reported that the Project's summary critical path is through ISBL design, procurement, delivery, installation, commissioning, and start-up. The Owner also reported that, to date, there has been no material variance to the critical path from the original contract schedule.

Change Orders

There were no change orders ("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 pending under the EPC Contract and major equipment supply contracts as of the end of the Relevant Period was approximately \$11,741,091 of which Contingency will fund \$8,606,032, the Sponsor has funded \$1,225,565 and \$1,909,494 is being funded by Budgeted Allowances.

Table 3
Construction Contract Approved and Pending Change Orders

Item No.	Contract/Area	Cost Impact	Schedule Impact	Status
1	Total ISBL Equipment Supply ⁽¹⁾	\$ 2,307,089	None	Approved
2	Total EPC Contract ⁽¹⁾	8,530,360	None	Approved
3	Material Handling	754,286	None	Pending
4	Pre-processing Equipment ⁽²⁾	155,880	None	Pending
5	Degassing Equipment Contract ^{(1) (2)}	(6,523)	None	Approved
	Total	\$11,741,091		

1) Various COs.

2) Approximate conversion from Euros.

Summary of Cost and Contingency

Subsequent to the Relevant Period, the Borrower submitted the Borrower's Requisition for Payment Certificate dated September 17, 2021 (the "Construction Requisition") covering work completed during August 2021.

The budget and expenditures, as presented by the Owner are:

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

Cost Category	Facility Budget ⁽¹⁾	Payments Made to Date	Pending ⁽²⁾	Remaining Budget
Development Costs ⁽³⁾	\$ 55,735,603	\$ 55,735,603		\$ 0
Financing Costs	99,809,918	33,356,945		66,338,050
Capitalized Interest Reserve ⁽⁴⁾	55,723,700	11,948,446		43,775,254
Debt Service Reserve ⁽⁵⁾	20,987,800			20,987,800
Letter of Credit ⁽⁶⁾	1,830,00	2,110,000		(280,000)
Cost of Issuance ⁽⁷⁾	21,268,418	19,298,499	114,923	1,854,996
Facility Costs ⁽⁸⁾	242,079,604	84,296,385	3,670,037	154,113,183
Total	\$397,625,125	\$173,388,933	\$ 3,784,960	\$220,451,233

1) The production facility located in Ironton, Ohio and referred to by PCT as "Plant 1".

2) Current Requisition.

3) Development Costs include: cost to construct the FEU, land purchases and other development related expenses.

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) 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.

7) Cost of Issuance represents remaining reimbursable costs for engineering reviews, legal fees, etc.

8) 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.

We note that the total Facility budget includes \$21,153,011 of construction contingency. Cumulative Project expenditures reported by the Borrower (including the Construction Requisition above) were \$176,879,554. Through the Relevant Period, net allocation of contingency and allowances was reported to be \$8,606,032. We note that although this amount was allocated, the funding of contingency remains at the required \$21,153,011 level.

Miscellaneous

The Owner reported that COVID-19 trends continued to be monitored and that policies have been modified to reflect current CDC guidelines. To date, there has been one reported case of COVID-19 on the construction site.

Although procurement is tracking materially on schedule, 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 risk, if any, to the schedule. As an example, current market conditions are contributing to longer lead times for structural steel.

Areas of Concern

None at this time.

Photographs

Photographs included in Attachment 1 were taken on September 16, 2021.

Attachment 1: Photographs

Figure 1: Construction of Building 504 Wash Sump



Figure 2: Installation of Partition Drywall in Building 504



Figure 3: Installation of 480 Volt Stepdown Transformer in Building 504



Figure 4: Installation of Under-Slab Piping in Building 509 Ramp



Figure 5: Commencement of Silo Installation



Figure 6: Delivery and Receipt of Ductwork

