August 23, 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
July 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 July 31, 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 January 30, 2023. Nevertheless, the Owner plans operational runs with polypropylene feedstocks and pellet production to commence in December 2022.

The next monthly Project review meeting is scheduled for September 13, 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 July 31, 2022 (the “Relevant Period”). We visited the Project on August 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 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 Owner’s construction manager reported that the overall progress, as modified to reflect work added by approved change orders (“COs”), is 84.1 percent complete as compared to a re-baselined plan of 87.5 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 the development and updating of the ISBL 3D model and integration of controls. The ISBL module drawings continued to be issued for construction (“IFC”). Design of various ISBL coproduct and waste stream handling systems continued. 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 extraction tower, decanter vessel and settler vessel as well as the balance of wastewater pretreatment (“WWPT”) equipment and finished product silos. Fabrication and receipt of ISBL modules continued as did receipt of various OSBL equipment and components.

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 in "E house 3" at Building 610. ISBL piping and process modules continued to be installed and interconnected with the setting of "north bank" modules having been completed. The ISBL extraction tower was set on its foundation and installation of the additive extruder commenced. Installation of equipment, piping and electrical in the WWPT building continued. Installation of the rail loadout building slab and scale pit was completed and the scales were set. Installation of the Building 620 partitions and heating and ventilating and air conditioning ("HVAC") continued and installation of drywall commenced. 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 first pre-process wash line and first dry line continued. Pre-commissioning of "syltherm" and hot oil systems continued. The addition of details to the commissioning and start-up schedule continued.

As previously reported and discussed later in this Report, the completion date is being delayed to January 30, 2023. The delays run through two schedule paths due to delays to delivery of the extruder equipment and vent relief knockout drums. Budget overruns beyond contingency continue to be funded by PCT. 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. The ISBL module fabricator was previously authorized to utilize a second shift for select critical items. We note that, although the completion date is being delayed, the Owner plans operational runs with polypropylene feedstocks and pellet production to commence in December 2022.

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 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 July 2022 Planned % [2] [3]	Cumulative Through July 2022 Actual % [3]	Cumulative Through June 2022 Actual % [4]
Engineering	99.6	99.0	98.5
Procurement	97.6	93.9	89.0
Construction	73.0	70.7	67.8
Start-Up	9.3 [5]	8.2 [5]	8.3
Weighted Total	87.5	84.1	80.7

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, as modified to reflect work added by additional approved COs, 99.0 percent of the engineering and design effort was completed against a planned 99.6 percent of the new baseline plan. As the completion percentage indicates, engineering is nearing completion.

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

- Continued design of pipe racks and pipe supports;
- Continued development of structural support detail drawings for manufacture and installation;
- Continued coordination of ISBL pipe tie-ins;
- Continued to IFC ISBL module drawings;
- Continued design of various ISBL coproduct and waste stream handling systems;
- Continued updating grading plan and incorporating waste stream area;
- Continued development of "smart" piping and instrumentation diagrams ("P&ID") for OSBL systems of various suppliers;
- Continued development and updating of the ISBL 3D model;
- Continued to address engineering related "requests-for-information" ("RFIs"); and
- Continued distributed control system ("DCS") programming and controls integration.

The Owner reported that issuing ISBL module drawings for construction was nearing completion. Our review of engineering activities indicates progress materially in support of Project objectives.

Procurement

Overall, the Owner's construction manager reported that, as modified to reflect work added by additional approved COs, 93.9 percent of the procurement effort was completed against a planned 97.6 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 manufacturing progress of ISBL modules;
- Confirmed early-September 2022 module fabrication completion;
- Continued to receive and offload ISBL pipe rack and process modules;
- Accepted delivery of C-200 extraction tower, V-700 decanter vessel and V-300 settler vessel;
- Accepted final deliveries of WWPT equipment;
- Accepted delivery of finished product silos;
- Accepted delivery of flare system;
- Continued receipt and offloading of preprocessing and material conveyance equipment with the final delivery expected on August 23, 2022;
- Delivery of feedstock conveyance equipment and material was nearing completion;
- Continued receipt and offloading of prefabricated pipe for various systems;
- Continued to monitor timing of vendor engineering submittals;
- Continued ISBL supplier and sub-vendor information exchange; and
- Continued to accept and offload deliveries of various OSBL equipment.

The Owner reported that the DCS programming is approximately 50 percent complete and that the DCS factory acceptance test ("FAT") is schedule to be performed in early September 2022.

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, 70.7 percent of the construction effort was completed against a planned 73.0 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, hot oil, "syltherm" and reverse osmosis system piping in Building 509;
- Continued installation of flues for the hot oil system in Building 509;
- Completed installation of central utility plant HVAC in Building 509;
- Completed testing of fuel gas line in Building 509;
- Continued installation of remaining central utility plant piping in Building 509;

- Continued installation of electrical equipment, including transformers, in Building 509 "E-house 2";
- Continued pulling and terminating of electrical cable in Building 509 and "E-house 2";
- Continued pulling and terminating electrical cable in Building 504;
- Continued installation of second wash line, dry line and agglomeration equipment and components in Building 504;
- Continued pulling and terminating cable at the wash line and dry line in Building 504;
- Continued pulling and terminating cable to agglomeration equipment in Building 504;
- Received occupancy permit for the administrative area and first wash line and dry line areas;
- Continued installation of dust collection equipment in Building 504;
- Continued installation of utility drops to Building 504 equipment;
- Continued checkouts at wash line and dry line in Building 504;
- Continued installation and connecting of feedstock storage and conveyance instrumentation and panels;
- Continued rough-in of electrical to WWPT skids;
- Completed setting of "ALAR" skid equipment in WWPT Building;
- Continued installation of piping and electrical in the WWPT Building;
- Continued installation of Building 610 (process building) equipment and housekeeping pads;
- Completed installation of bearing plates for PK-110 in Building 610;
- Continued mechanical and electrical rough-in and pulling of feeders to PK-100 and PK-110 in Building 610;
- Continued installation of electrical equipment in "E-house 3" at Building 610;
- Completed setting of PK-740 extruder in Building 610;
- Completed installation of HVAC duct in Building 610;
- Continued installation of east pipe rack in Building 610;
- Continued installation of last of three extruder foundations in Building 615;
- Completed installation of Building 620 (commons building) roofing;
- Continued installation of fire protection system in Building 620;
- Continued framing of Building 620 interior walls;
- Commenced installation of drywall in Building 620;
- Continued rough-in of electrical and mechanical in Building 620;
- Continued resolution of remaining punchlist items in Building 640;
- Continued installation of various ISBL foundations;
- Continued setting of various ISBL process and pipe rack modules;
- Completed setting of "north bank" ISBL modules;
- Completed setting of ISBL C-200 extraction tower;
- Continued interconnecting of installed ISBL modules;
- Continued installation of process cooling tower;
- Commenced installation of flare foundation and butane area foundations;

- Completed detailing of rail loadout building structural steel;
- Completed rough-in of under slab items in rail loadout building and placed slab concrete;
- Continued installation of rail loadout building equipment foundations;
- Completed installation of rail loadout building scale pit;
- Set scales in rail loadout pits;
- 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, coproduct switchgear, vent relief knockout drums and a motor control center ("MCC") for the degassing system. The reasons for the delays are various and include, but are not limited to, supply chain issues for electrical components for the MCC and switchgear, and forged nozzles for the knock out drums originally sourced from Ukraine. As previously reported, the impact of these delays resulted in a delay of the scheduled completion date to January 30, 2023. During the visit, the Owner reported that some items have been resolved and/or work arounds were developed and that two of the four items remain on critical path. The items on critical path are the extruder (KE-250/PK-310) and the vent relief knockout drums. The Owner continues to pursue all available expediting and workaround approaches.

The EPC Contractor reported that the manpower during the Relevant Period continued to average at approximately 229.

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

Review of ISBL equipment supplier's drawings continued. The design of the flare, knock-out drum and vent relief was completed. Fabrication of module structural steel continued as did construction of process modules. Release of IFC drawings was nearing completion. All module structural steel drawings are IFC. 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. The C-200 extraction tower, V-700 decanter vessel and V-300 settler vessel were delivered during the Relevant Period with the C-200 extraction tower having been set. Completion of module fabrication was confirmed for early-September 2022. The Owner reported that progress was materially on schedule, except as discussed later in this Report. The Owner also reported that to mitigate any potential delays in deliveries, options being explored include, but are not limited to, adding a second shift at the fabrication shop and executing certain installation activities and/or field fabrication in lieu of the activities being performed at the fabrication

shop. We note that during April 2022 the Owner authorized the ISBL module fabricator to utilize a second shift for select critical items.

Pre-processing Equipment Supply

The pre-processing equipment supplier's engineering and design activities were completed as was the development of the operations and maintenance ("O&M") manuals. Delivery of preprocessing equipment, except for one grinder, was essentially complete. 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 the 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, dry lines and agglomeration lines continued. The final delivery of components was scheduled for August 23, 2022.

Material Handling Equipment Supply

The design and engineering of material handling equipment was completed. Development of the ISBL coproduct and waste streams conveyance systems continued. Delivery of components and conveyance system piping was nearing completion. Installation of feedstock conveyance piping was essentially complete and installation of the finished product silos was complete. All finished product silos were delivered.

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, 8.2 percent of the commissioning and start-up effort was completed against a planned 9.3 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;
- Continued checkouts and of the glycol and compressed air systems at 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 dry line in Building 504; 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 chemical process operators having 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 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 56,781 manhours worked during the Relevant Period and 414,807 cumulative manhours worked through the end of 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 ("CDC") 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 planning and submittals for changeover to operations SWPPP;
- Continued to monitor the progress of the final two of four parts of the Air Permit modification submitted to the Ohio Environmental Protection Agency in January 2022 with an expected mid- to late-August 2022 approval;
- Received the occupancy permit for the administration, first wash line and first dry line areas of Building 504;
- Continued monitoring progress of commons building occupancy permit with an expected end of September 2022 receipt; 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 complete. As previously reported, the modifications are associated with material handling and purification and at the time of the visit the Owner reported that approval from the Ohio Environmental Protection Agency was expected within a week.

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. As previously reported, a nonconformance report ("NCR") was issued related to weld quality on the loadout blending silo. Identified areas will be ground out and rewelded. As previously reported, the resolution of the NCR regarding the orientation of feed stock silo wall penetrations was established and the required remedial work was completed.

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	July 15, 2022
Long Lead Vessel Modules Arrive at Site	June 1, 2022	September 12, 2022
Packaged and Shipped Loose Equip. Arrive at Site	June 22, 2022	August 3, 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	August 22, 2022
OSBL Substantial Completion – Phase A	February 11, 2022	September 12, 2022
Start Packaged Equipment Module Setting	June 27, 2022	July 18, 2022 (A)
All Modules Set and Leveled	August 4, 2022	September 28, 2022
OSBL Mechanical Completion – Phase B	July 14, 2022	October 14, 2022
OSBL Substantial Completion – Phase B	July 21, 2022	November 21, 2022
All Modules Installed and Interconnected	August 31, 2022	November 8, 2022
Detail ISBL Integration with OSBL Complete	August 31, 2022	November 21, 2022
Start ISBL Hot Commissioning	September 11, 2022	November 23, 2022
OSBL Mechanical Completion – Phase C	September 11, 2022	November 21, 2022
OSBL Substantial Completion – Phase C	November 26, 2022	December 12, 2022
Start Performance Testing	November 20, 2022	January 23, 2023
Commercial Plant Producing Final Product	December 1, 2022	January 30, 2023

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

The Owner and Denham-Blythe continued to report that the Project's summary critical path is through the ISBL design, procurement, delivery, installation, commissioning, and start-up. Previously there were four schedule paths which have zero days of float or so few days as to be considered near critical. These paths were being extended by delays associated with the extruder (KE-250/PK-310) equipment, coproduct switchgear, vent relief knockout drums and an MCC for the degassing system. The reasons for the delays are various and include, but are not limited to, supply chain issues for electrical components for the MCC and switchgear, and forged nozzles for the knock out drums originally sourced from Ukraine. The impact of these delays results in a completion date of January 30, 2023. During the visit, the Owner reported that some items have been resolved and/or work arounds were developed and that two of the four items remain on the critical path. The items on the critical path are the extruder (KE-250/PK-310) and the vent relief knockout drums. We note that although the completion is being delayed to January 30, 2023, the Owner plans operational runs with polypropylene feedstocks and pellet production to commence in December 2022.

We note that although the Owner previously continued to report an on-time completion as the impacts at the time were considered manageable through additional expediting efforts and/or mitigation through workarounds. The Owner continues to pursue all available expediting and workaround approaches. However, at this time, with two major items delaying the completion date, it is not clear that both items could be mitigated in time to recover schedule and achieve the original completion date. As such, at this time, the Owner and Denham-Blythe are forecasting a completion date of January 30, 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 utilizing concurrent work on site and an additional shift at the module fabrication facility as well as 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. We note that during April 2022 the Owner authorized the ISBL module fabricator to utilize a second shift for select critical items.

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 $75,208,869, 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 $45,373,926 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 $45,000,000 or higher, and the $45,373,926 mentioned above will be paid for by PCT with existing funds and not by the Project. We also note that there are 23 pending COs not yet received by Leidos in the amount of $11,782,432 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 $45,373,926 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)	$12,252,326	None	Approved/ Pending
2	Total EPC Contract (1)	61,915,331	None	Approved/ Pending
3	Material Handling	891,855	None	Approved
4	Pre-processing Equipment (2)	155,880	None	Approved
5	Degassing Equipment Contract (1) (2)	(6,523)	None	Approved
	Total	$75,208,869		

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

Summary of Cost and Contingency

Subsequent to the Relevant Period, the Borrower submitted a Borrower's Requisition for Payment Certificate dated August 23, 2022 (the "Construction Requisition") covering work completed during July 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	$199,693,232		$12,812,636	$29,573,736
Letter of Credit (4)	1,830,000		$1,830,000		0
Financing Costs	97,979,918	50,280,532		18,101	47,681,285
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	19,949,861		18,101	1,300,456
Development Costs (8)	55,735,603	55,735,603			
Total	$397,625,125	$305,709,367	$1,830,000	$12,830,737	$77,255,021

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 $320,370,104. 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, previously there were four schedule paths which have zero days of float or so few days as to be considered near critical. These paths were being extended by delays associated with the extruder (KE 250/PK 310) equipment, coproduct switchgear, vent relief knockout drums and an MCC for the degassing system. The reasons for the delays are various and include, but are not limited to, supply chain issues for electrical components for the MCC and switchgear, and forged nozzles for the knock out drums originally sourced from Ukraine. The impact of these delays results in a completion date of January 30, 2023. During the visit, the Owner reported that some items have been resolved and/or work arounds were developed and that two of the four items remain on the critical path. The items on the critical path are the extruder (KE-250/PK-310) and the vent relief knockout drums. We note that although the completion is being delayed to January 30, 2023, the Owner plans operational runs with polypropylene feedstocks and pellet production to commence in December 2022.

As we previously noted, the Owner previously continued to report an on-time completion as the impacts at the time were considered manageable through additional expediting efforts and/or mitigation through workarounds. The Owner continues to pursue all available expediting and workaround approaches. However, at this time, with four major items delaying the completion date, it is not clear that all four items could be mitigated in time to recover schedule and achieve the original completion date. As such, at this time, the Owner and Denham-Blythe are forecasting a completion date of January 30, 2023.

For delays which can be mitigated, the Owner has developed contingency plans utilizing concurrent work on site and an additional shift at the module fabrication facility as well as 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. As noted above, the Owner authorized the ISBL module fabricator to utilize a second shift for select critical items.

Photographs

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

Attachment 1: Photographs

Figure 1: Installation of Pre-process Equipment in Building 504

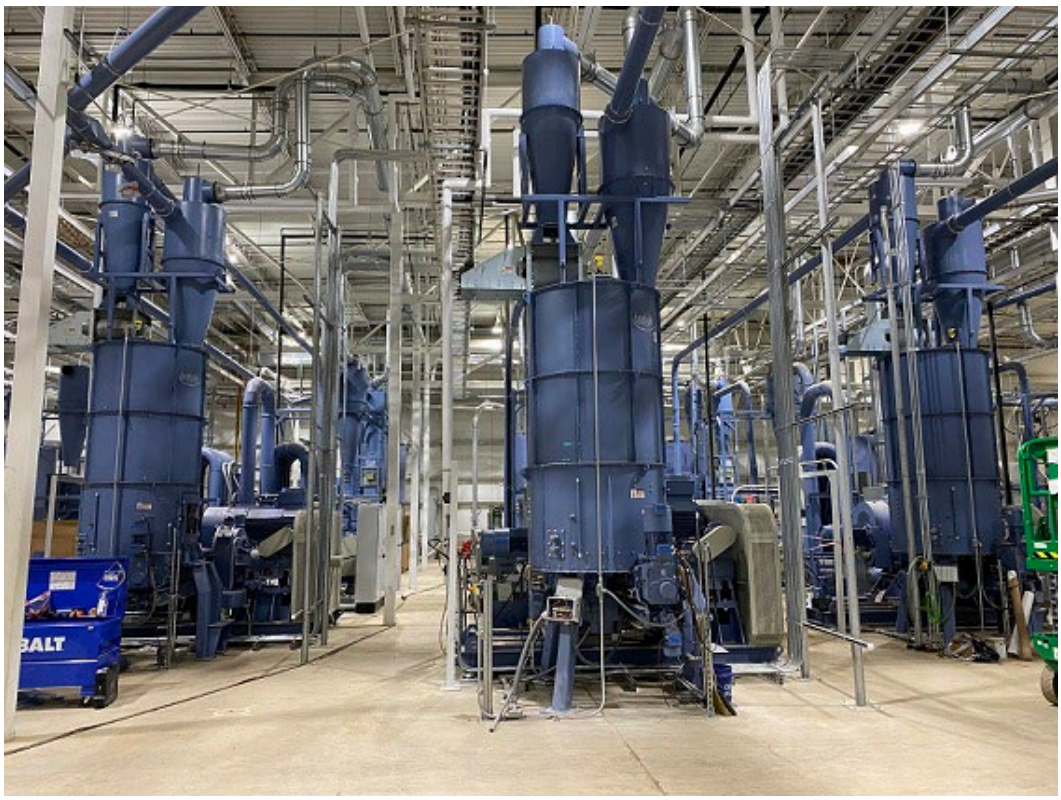

Figure 2: Installation of Additive Extruder in Building 610

Figure 3: Extraction Tower C-200 and Process Modules

Figure 4: Installation of HVAC and Drywall in Commons Building

Figure 5: Installation of Equipment in WWPT Building

Figure 6: Installation of Process Cooling Tower