

PICO Holdings, Inc. Annual Meeting of Shareholders



SAFE HARBOR STATEMENT

This presentation contains forward-looking statements made pursuant to the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements often address current expected future business and financial performance, including the demand and pricing for PICO’s real estate and water assets, the completion of proposed monetization transactions, the return of proceeds to shareholders, and the reduction of costs, and may contain words such as “expects,” “estimates,” “anticipates,” “intends,” “plans,” “believes,” “seeks,” or “will”. All forward-looking statements included in this presentation are based on information available to PICO as of the date hereof, and PICO assumes no obligation to update any such forward-looking statements. Actual results could differ materially from those described in the forward-looking statements. Forward-looking statements involve risks and uncertainties, including, but not limited to, economic, competitive and governmental factors outside of our control, that may cause our business, industry, strategy or actual results to differ materially from the forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to those discussed in detail under the heading “Risk Factors” in PICO’s periodic reports filed with the U.S. Securities and Exchange Commission.

Business Plan

*OUR BUSINESS PLAN IS UNCHANGED AFTER THE
TERMINATION OF THE STRATEGIC REVIEW PROCESS*

- *Creatively monetize* existing assets at maximum possible present value
- *Return* proceeds to our shareholders
- *Reduce* costs

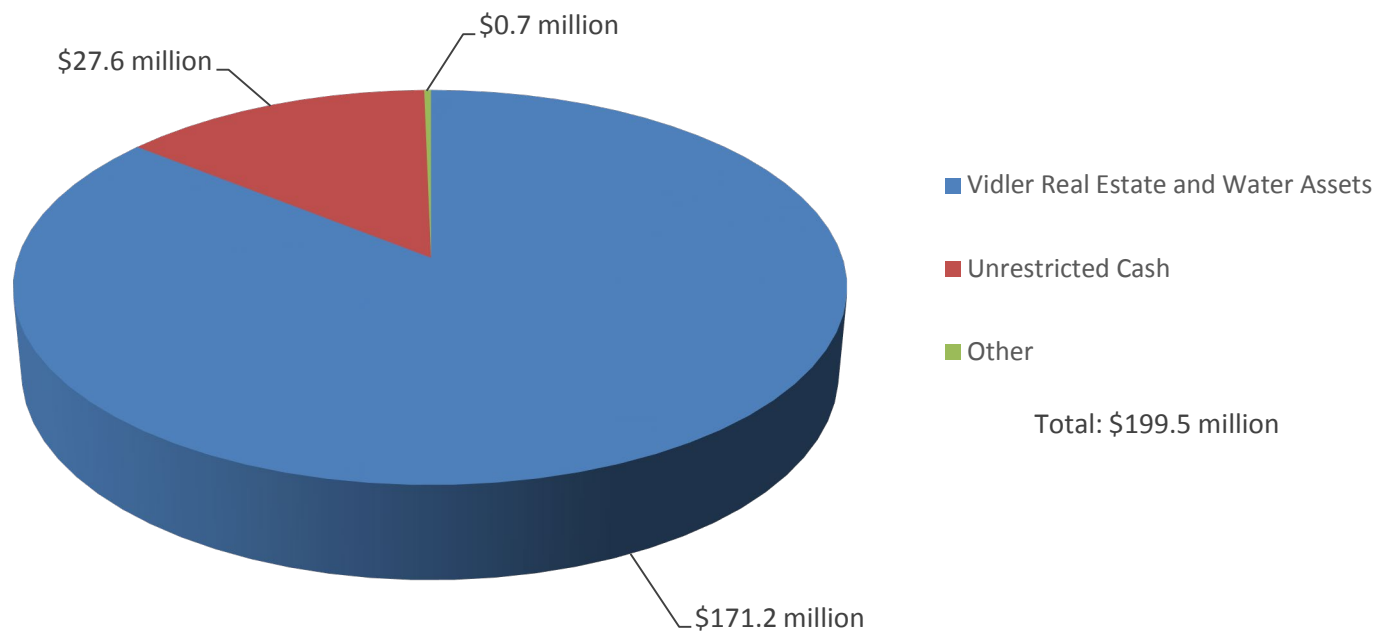
Accomplishments in the past Eighteen Months

- Monetized our entire 57% stake in UCP, Inc. for \$114.5 million through the merger and subsequent disposal of our shares in Century Communities, Inc.
- Monetized a portion of our Arizona Long Term Storage Credits for \$25.9 million in 2017
- Returned \$115.9 million to shareholders through a tax-free return of capital
- Repurchased 489,878 shares on the open market as of March 31, 2018

Accomplishments in the past Eighteen Months (cont'd)

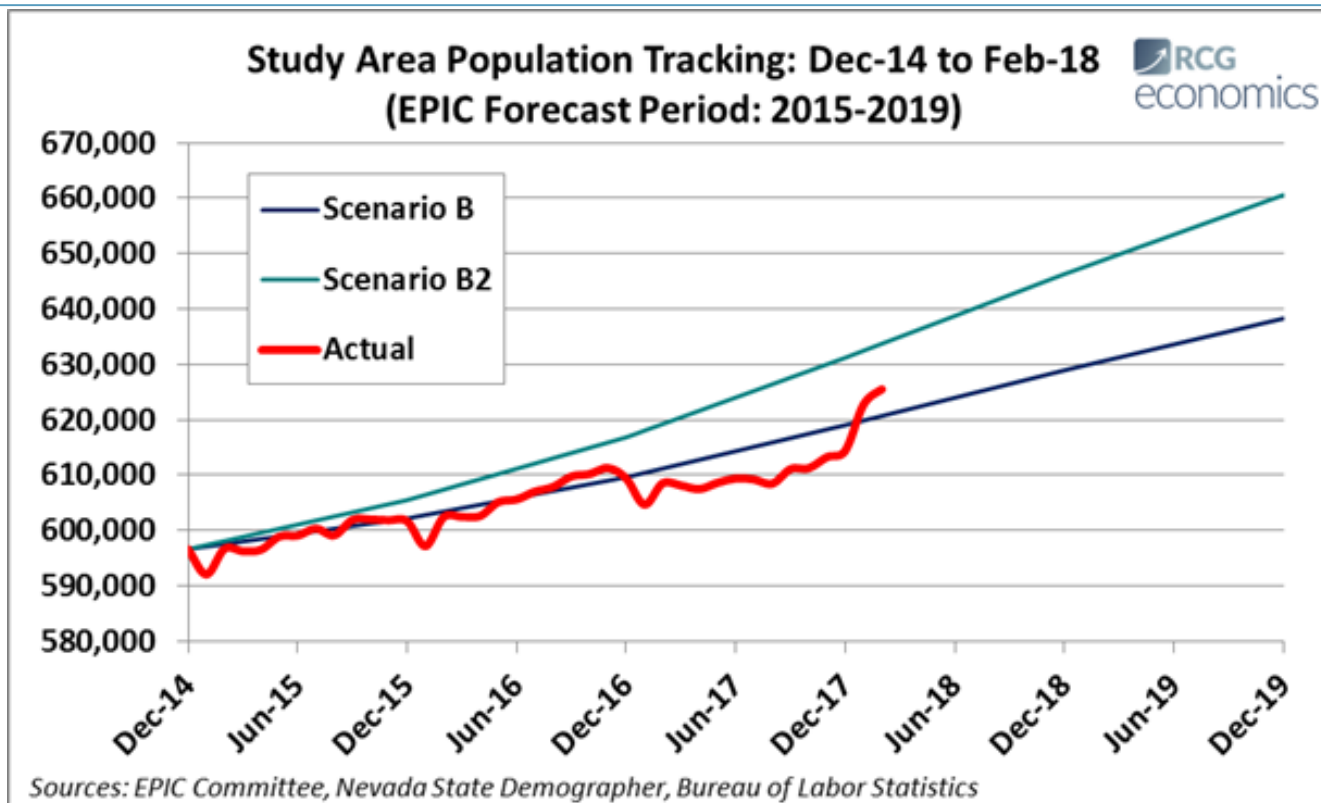
- Reduced G&A and other costs in 2017 versus 2016 by approximately \$20.4 million (this comparison includes the \$10.4 million severance cost to our former CEO in 2016)
- Put in place a Tax Benefits Preservation Plan for our federal NOLs of approximately \$185.5 million at December 31, 2017
- Improved our corporate governance (for example, all Board members now have annual board terms)

Net Assets: March 31, 2018



22,709,599 shares outstanding at March 31, 2018.

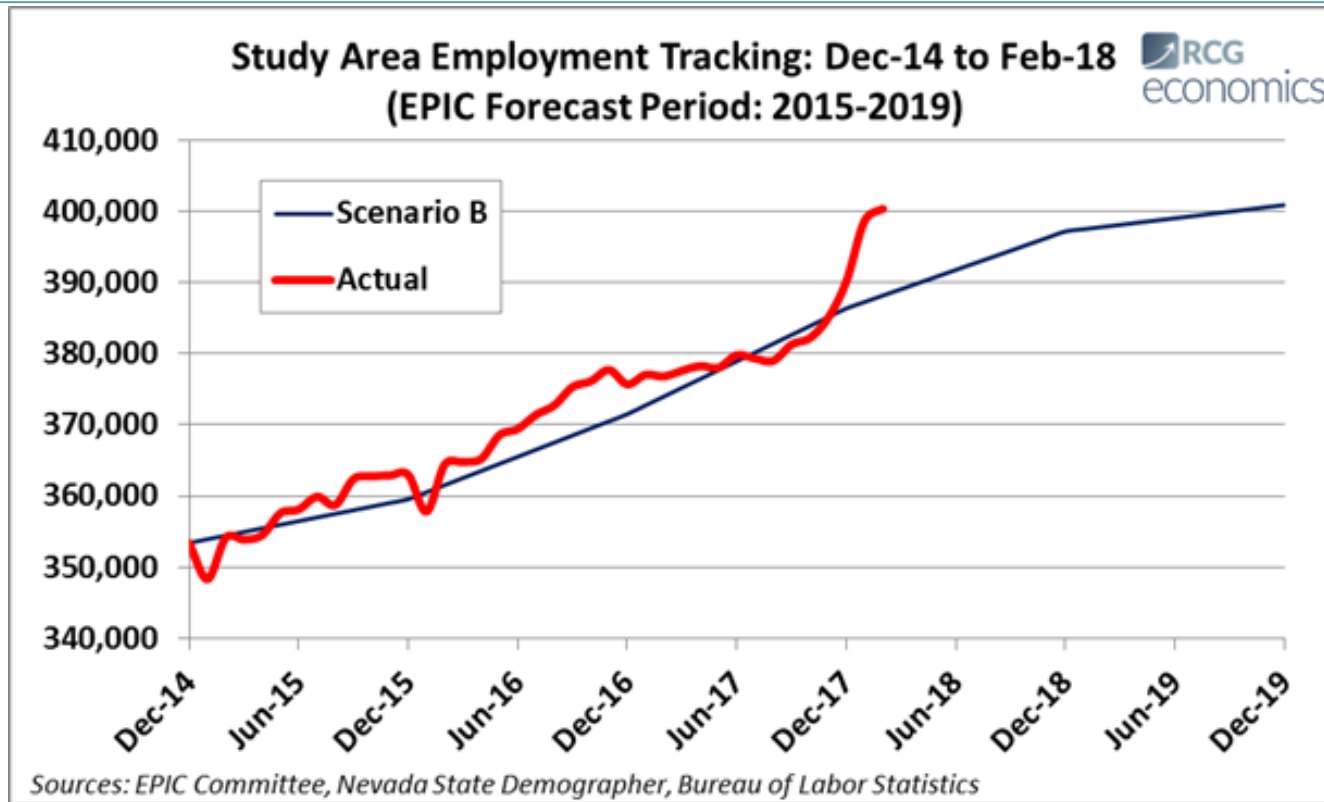
EPIC Report Update: Northern Nevada Study Area



Jobs	Dec-14	Feb-18	# Change	% Change
EPIC (B)	596,637	620,699	24,063	4.0%
EPIC (B2)	596,637	633,738	37,101	6.2%
Actual	596,637	625,516	28,879	4.8%

Note: Scenario B of the EPIC Forecast projects an increase of 42,400 new residents to the Study Area between December 2014 and December 2019, while Scenario B2 forecasts 64,700 new residents.

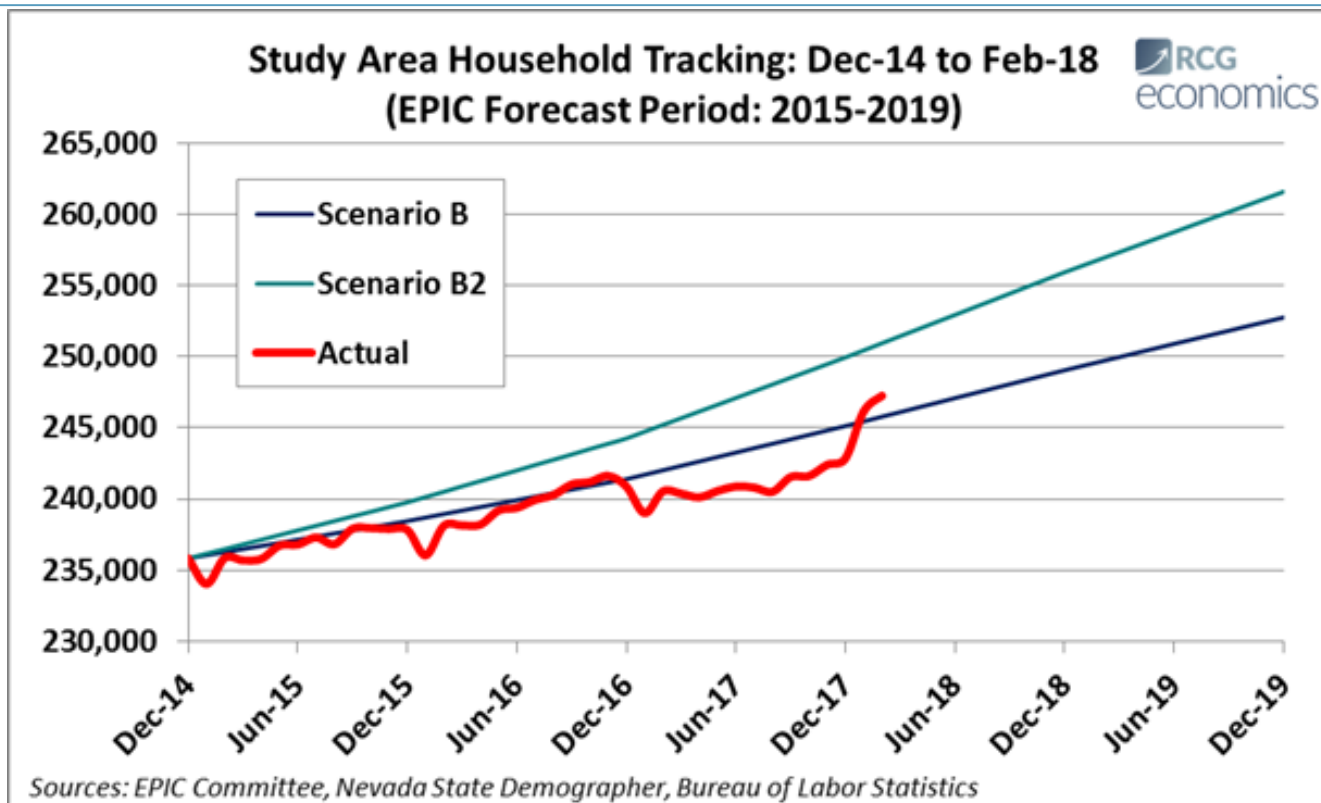
EPIC Report Update: Northern Nevada Study Area



Jobs	Dec-14	Feb-18	# Change	% Change
EPIC (B)	353,404	388,148	34,744	9.8%
Actual	353,404	400,321	46,917	13.3%

Note: Scenario B of the EPIC Forecast projects an increase of 52,400 new jobs to the Study Area between December 2014 and December 2019

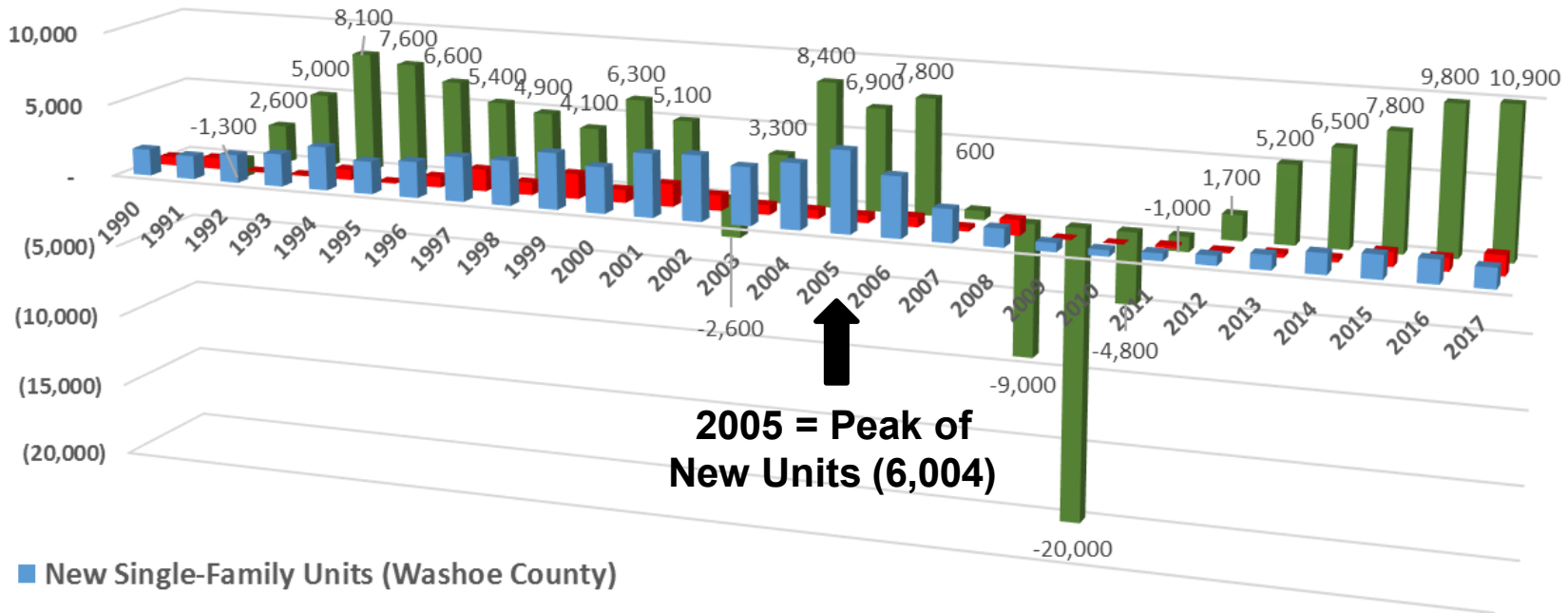
EPIC Report Update: Northern Nevada Study Area



Jobs	Dec-14	Feb-18	# Change	% Change
EPIC (B)	235,825	245,775	9,950	4.2%
EPIC (B2)	235,825	250,937	15,113	6.4%
Actual	235,825	247,239	11,415	4.8%

Note: Scenario B of the EPIC Forecast projects an increase of 16,800 new households to the Study Area between December 2014 and December 2019, while Scenario B2 forecasts 25,600 new households.

New Residential Units per New Job



2005 = Peak of New Units (6,004)

■ New Single-Family Units (Washoe County)

■ New Multi-Family Units (Washoe County)

■ New Reno MSA Employment

1992-2006 Avg New Units per New Job = 0.79

2013-2017 Avg New Units per New Job = 0.26

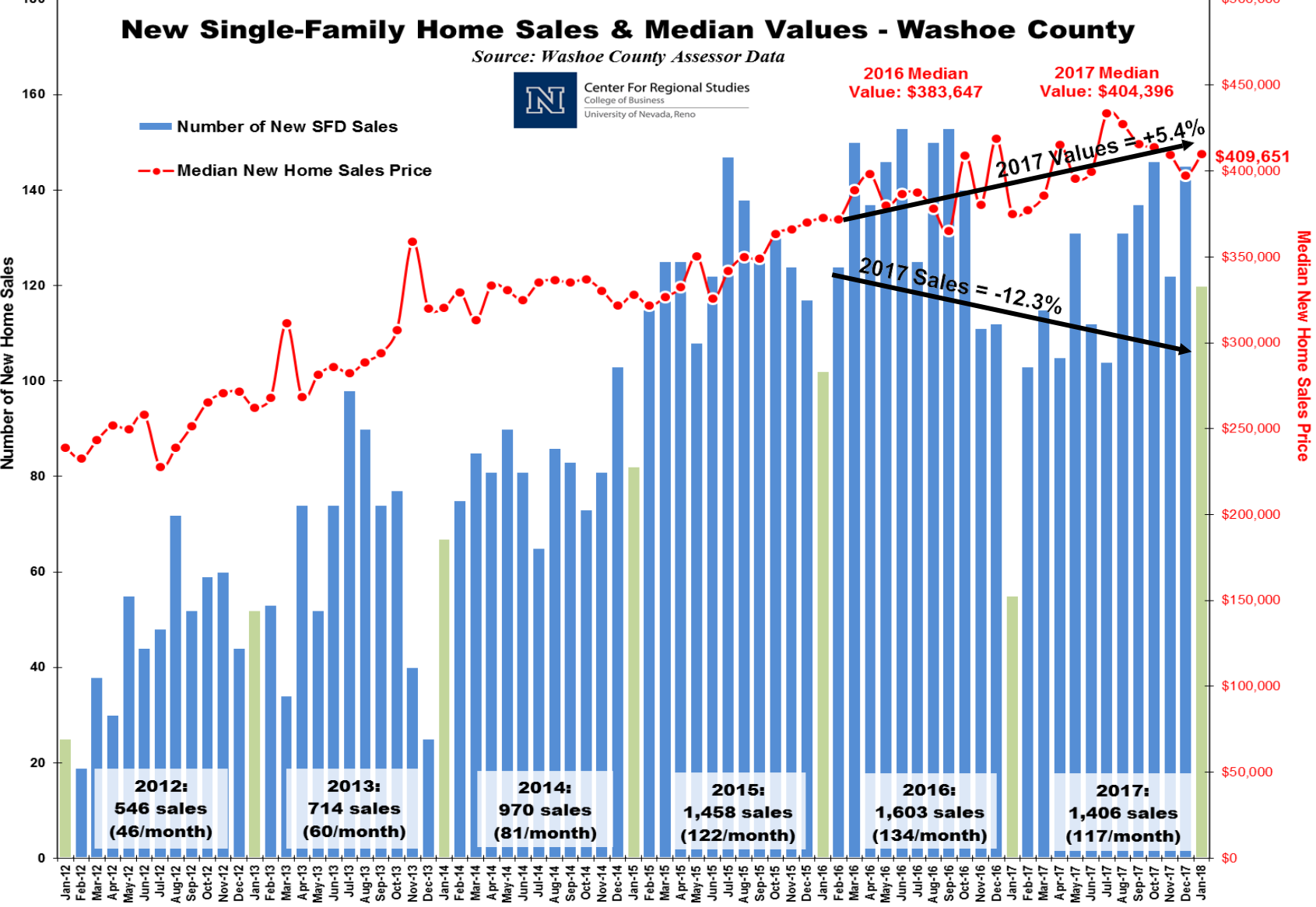
Sources: Washoe County Assessor and Department of Employment, Training, & Rehabilitation (CES data)

New Single-Family Home Sales & Median Values - Washoe County

Source: Washoe County Assessor Data



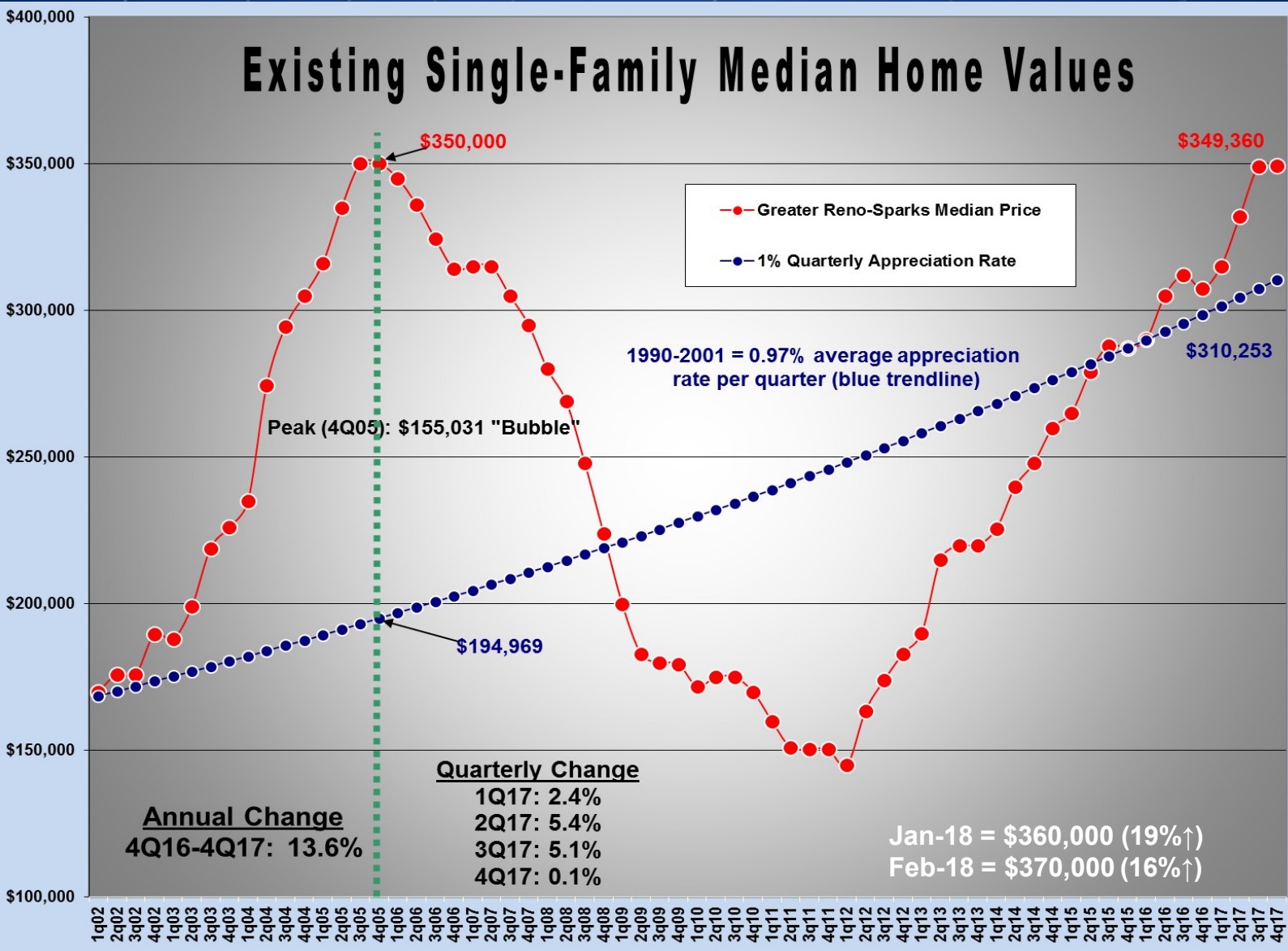
2016 Median Value: \$383,647
2017 Median Value: \$404,396



Source: Washoe County Assessor

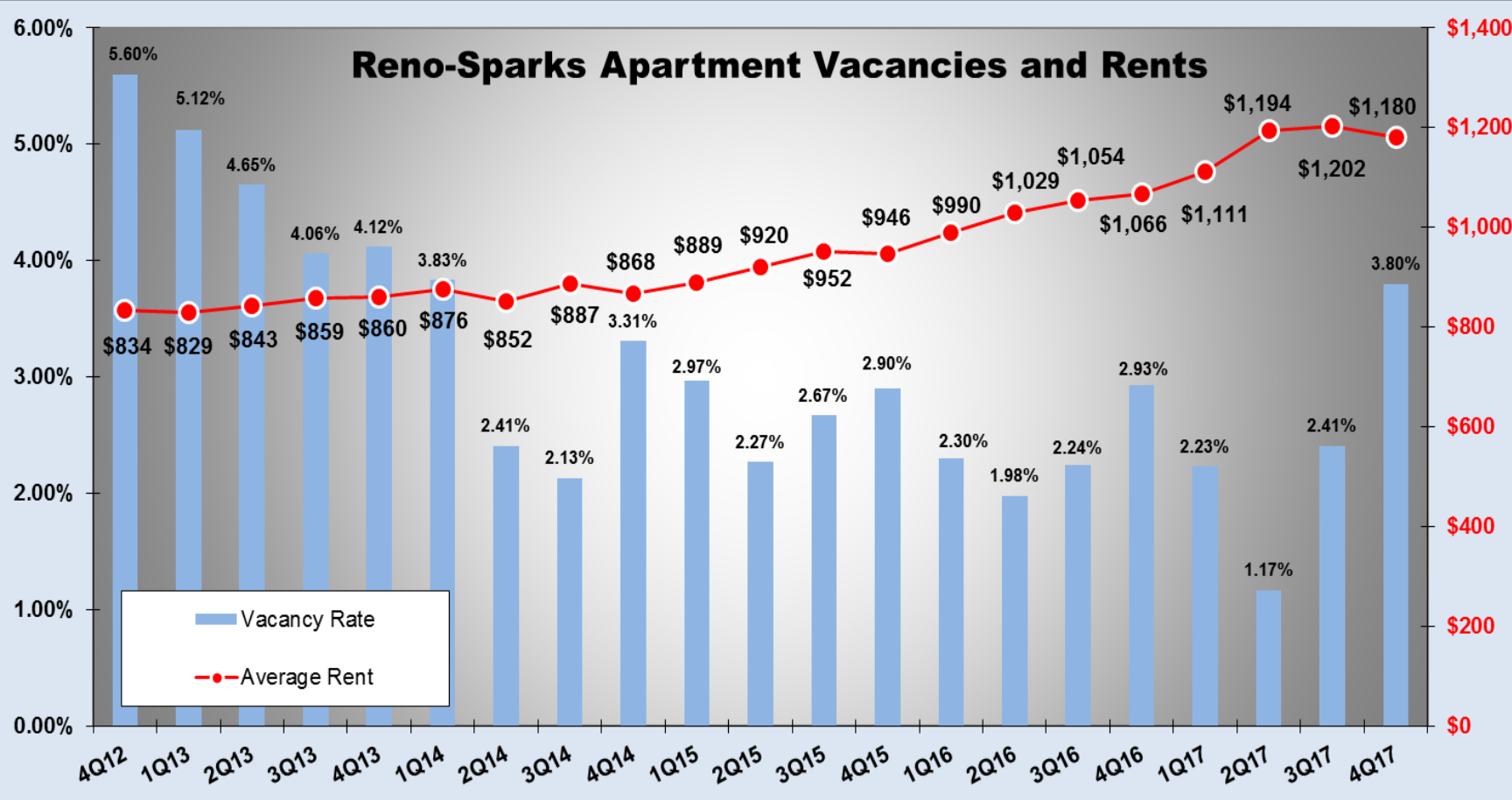


Existing Single-Family Median Home Values



Source: Northern Nevada Regional MLS





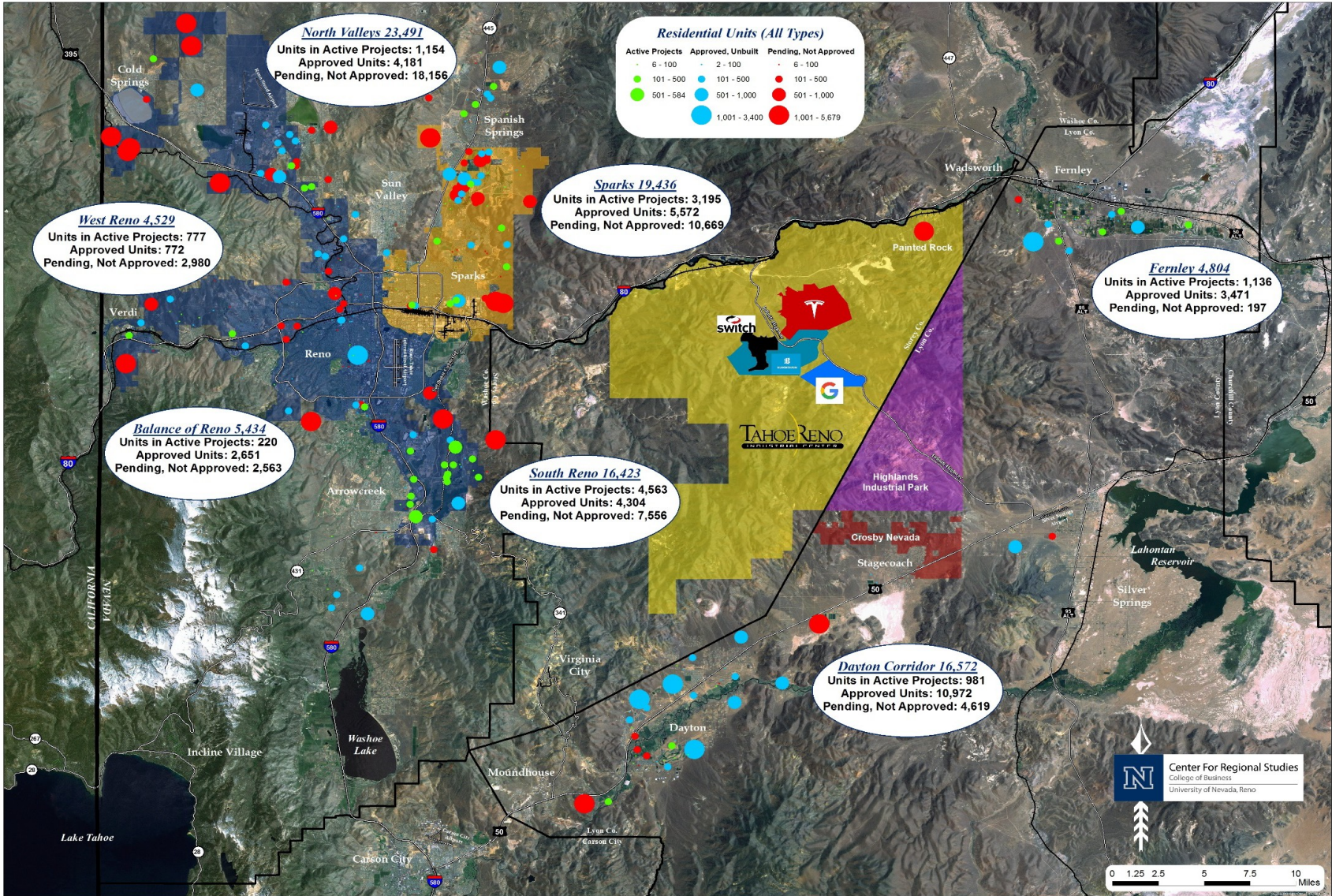
Source: Johnson-Perkins-Griffin Apartment Survey

Estimated Income to Afford \$1,180 = \$48,364 (@ housing cost 33% of income)

Apartment Units Under Construction = 3,762
 Apartment Units Approved = 8,329

Regional Residential Development Potential

4th Quarter 2017



RENO-SPARKS REGIONAL ECONOMY – MARCH 2018

Center For Regional Studies
College of Business
The Business Services Group

Vidler Assets in Northern Nevada

- Dodge Flat

- » Land: 1,078 acres
- » Water: 1,428 AF

- FSR

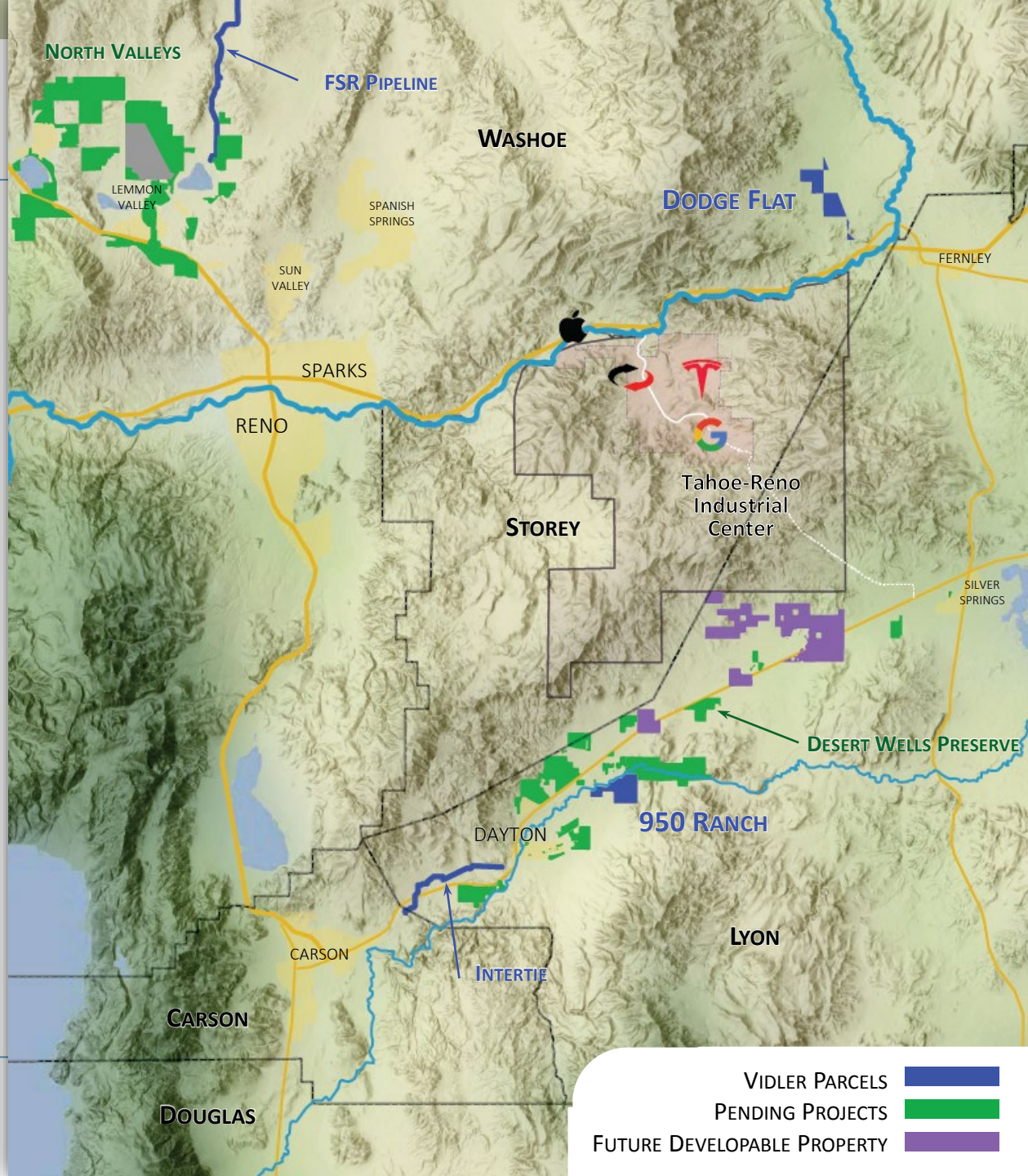
- » Land: 7,076.11 acres
- » Municipal Water: 7,983.95 AF + 5,000 AF
- » Agricultural Water: 1,218.35 AF
 - Ground Water & Surface Water
- » Pipeline Capacity 22,000 AF

- Carson-Lyon

- » Municipal Water: 1,779.53 AF
- » Municipal Water Option: 895.53 AF
- » Agricultural: 3,310 AF ⇔ 1,778.85 AF (Mun)
- » 950 Ranch: 949.58 acres
- » Pipeline Capacity 5,000 AF

- Truckee Surface Water Rights

- » 299.14 AF

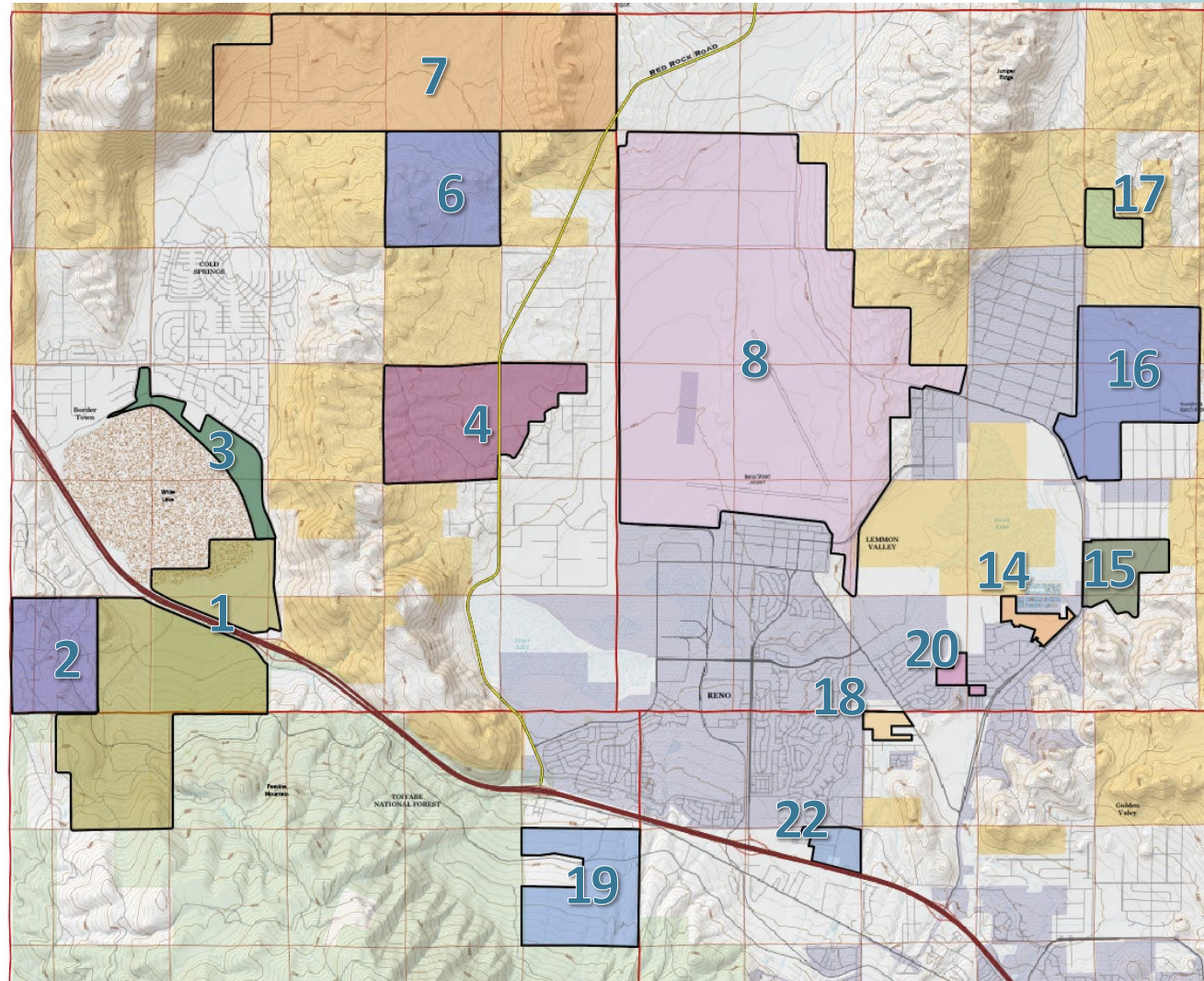


North Valleys Estimated Total Water Usage from New Residential Projects

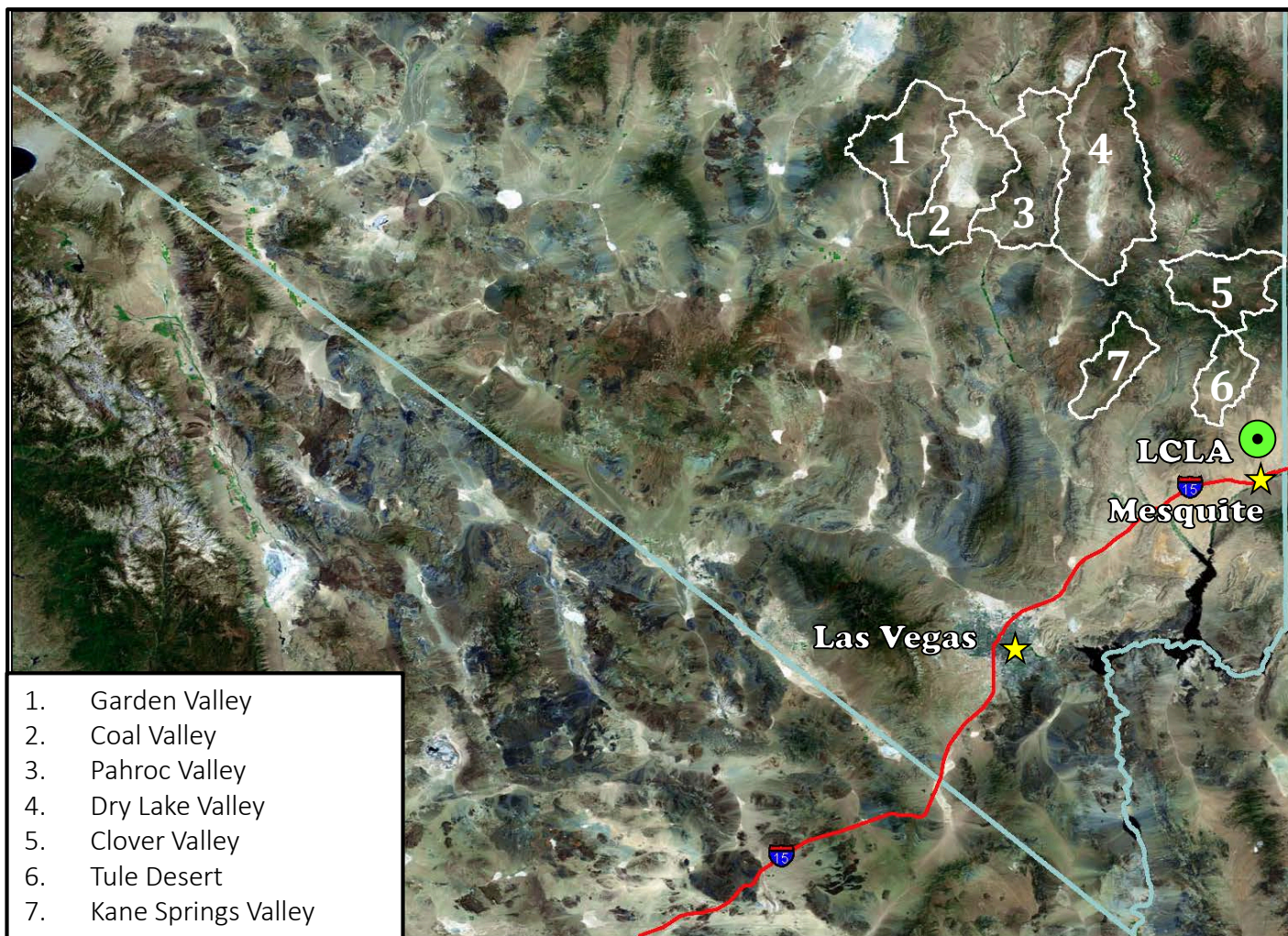
Development Area (Prior Name)	Single Family Units	Commercial / Industrial Acres	Estimated Water Usage Total Project (AF)
Stonegate (Heinz Ranch)	3,755	1,245 Multi-Family 51 Ac Commerc/Ind	2,023
Train Town	1,300	-	736
White Lake Vistas	324	-	240
Silver Hills	2,340	-	1,178
Silver Star Ranch	1,600	-	449
Evans Ranch	5,679	62	2,372
Stead Airport	-	1,700	-
Prado Ranch (NVIG 2)	162	254 Multi-Family 5 Ac Commercial	98
NVIG 4	-	254 Multi-Family 250 Ac Commercial	240
NVIG 6 & 7 including Prado North	3,012	-	1,320
NVIG 8	238	-	104
Arroyo Crossing	236	-	91
Echeverria Peavine	1,900	-	750
North Valley Estates Units 1- 3	252	-	73
Silver Dollar Estates	624	-	150
		TOTAL	9,824

North Valleys: Developments

- 1 - Stonegate
- 2 - Train Town
- 3 - White Lake Vistas
- 4 - Silver Hills
- 6 - Silver Star Ranch
- 7 - Evans Ranch
- 8 - Stead Airport
- 14 - Prado Ranch (NVIG 2)
- 15 - NVIG 4
- 16 - NVIG 6&7 & Prado Ranch North
- 17 - NVIG 8
- 18 - Arroyo Crossing
- 19 - Echeverria Peavine
- 20 - North Valley Estates I-III
- 22 - Silver Dollar Estates



Vidler Assets in Southern Nevada – Lincoln-Vidler Teaming Agreement



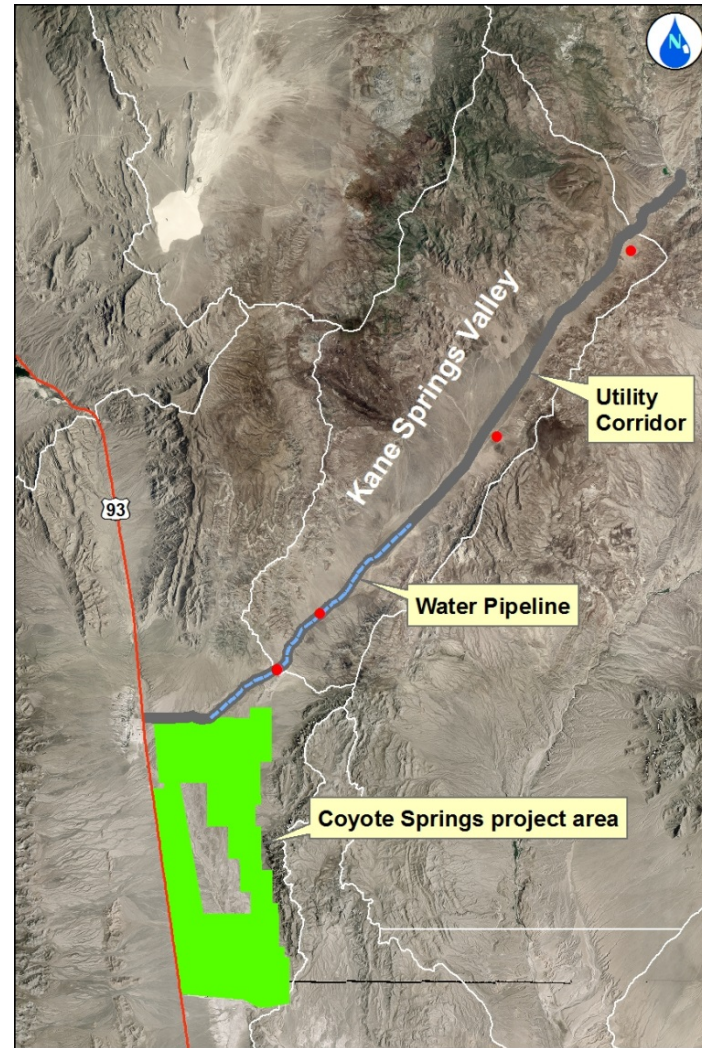
Tule Desert and Clover Valley – Lincoln-Vidler Teaming Agreement

- Tule Desert
 - » 2,900 AF permitted water rights
 - Additional water may be awarded after 8 years of pumping, up to 4,340 AF
- Clover Valley
 - » Applications filed



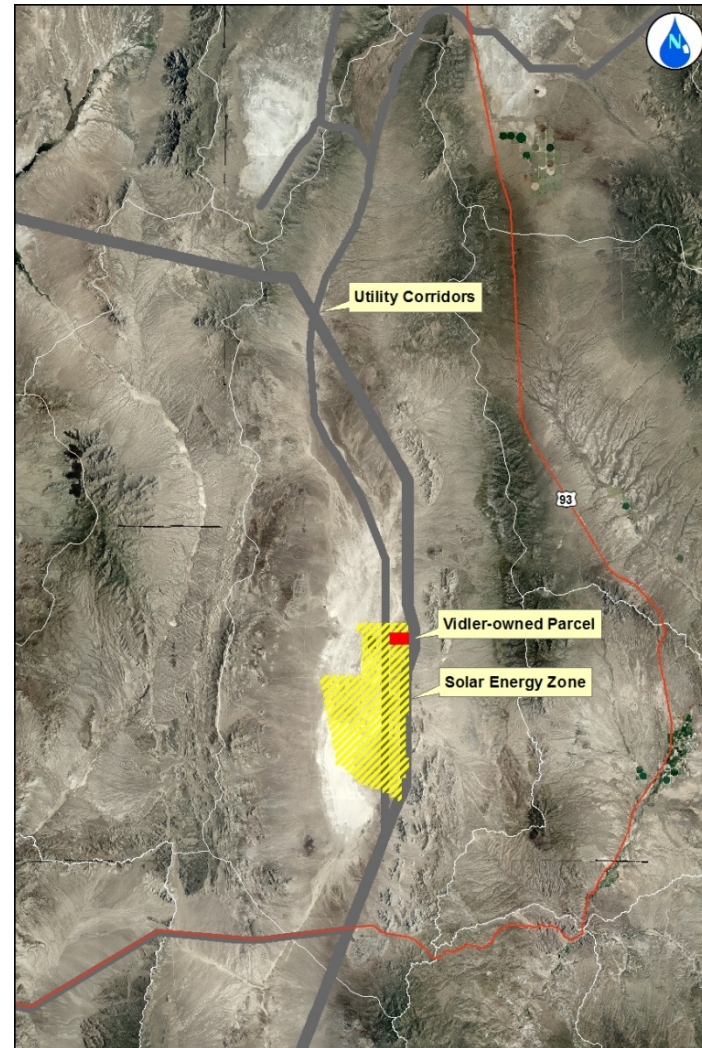
Kane Springs Valley – Lincoln-Vidler Teaming Agreement

- Kane Springs Valley
 - » 500 AF permitted water rights, Vidler option with Coyote Springs
 - » Additional application filed



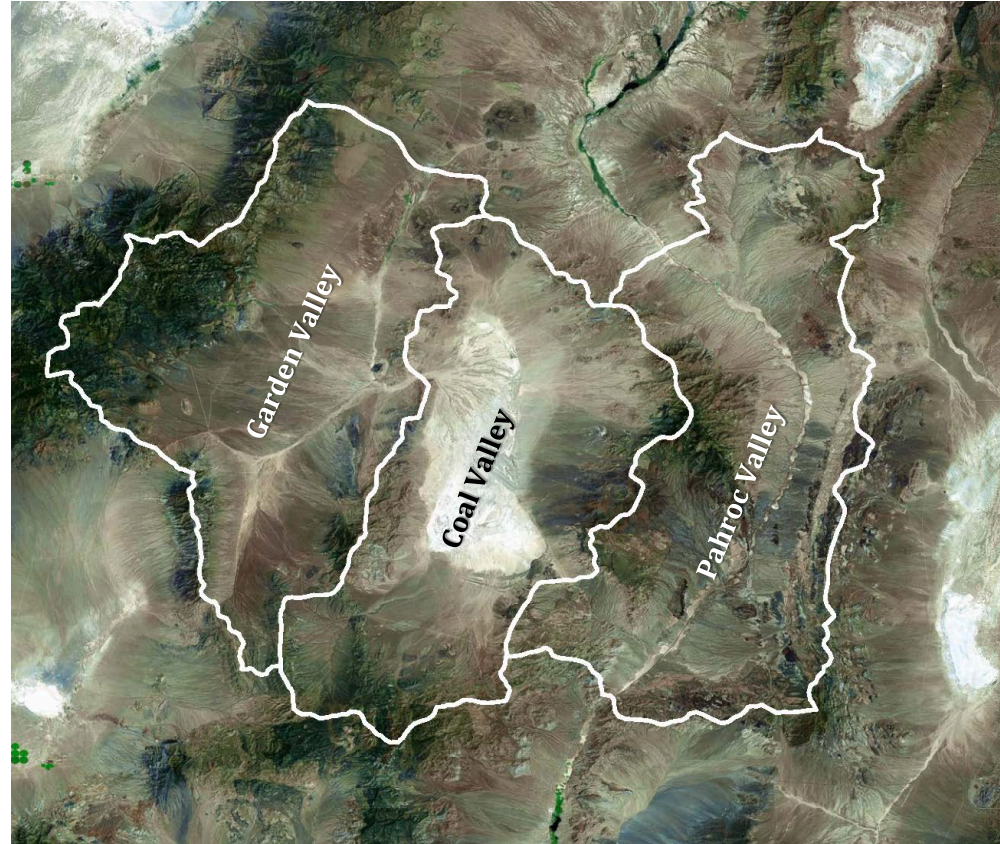
Dry Lake Valley – Lincoln-Vidler Teaming Agreement

- Dry Lake Valley
 - » 1,009 AF certificated agricultural water rights
 - » 600 acre parcel located within BLM-designated solar energy development zone



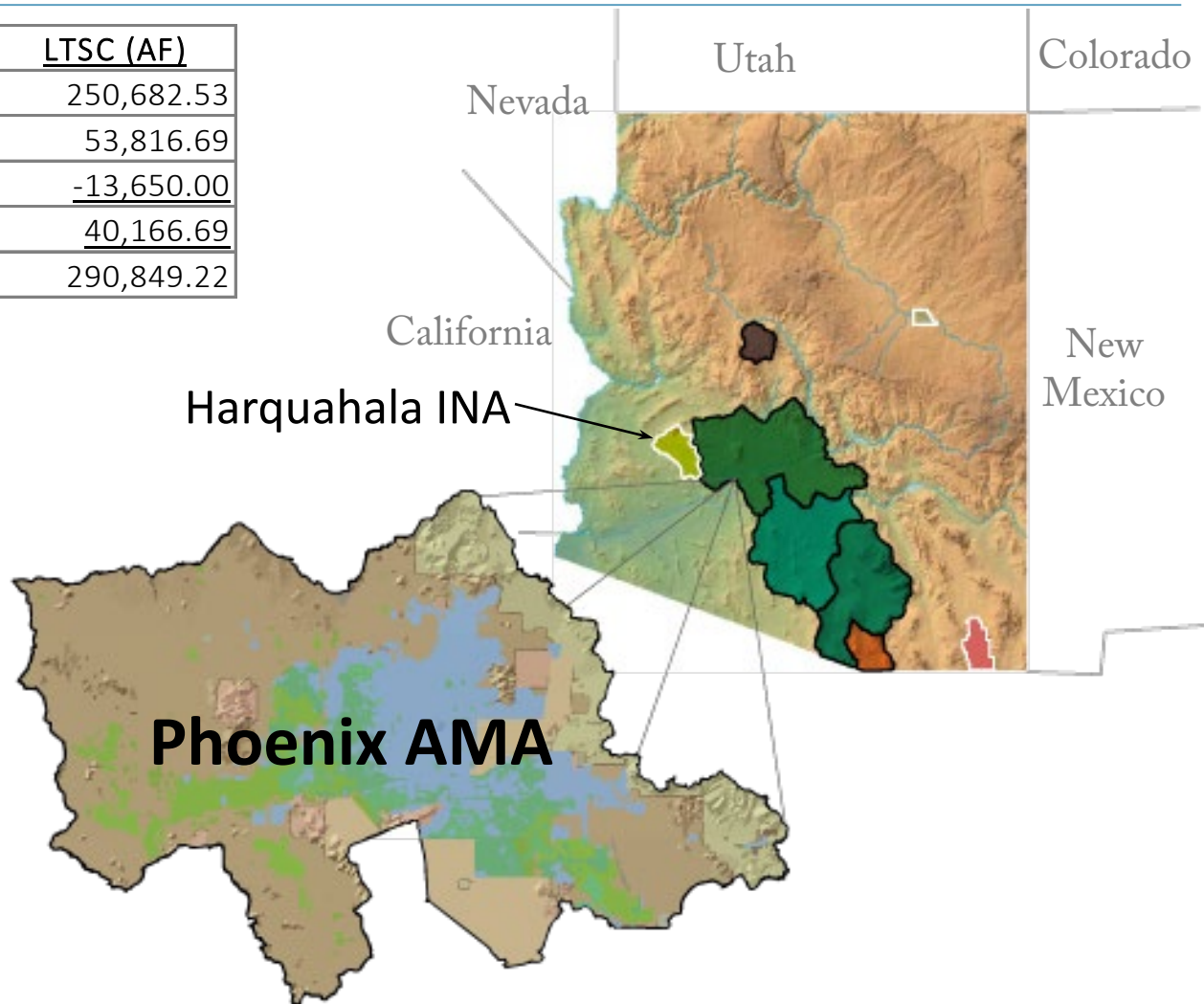
Garden Valley, Coal Valley & Pahroc Valley – Lincoln-Vidler Teaming Agreement

- Garden Valley
 - » Applications filed
- Coal Valley
 - » Applications filed
- Pahroc Valley
 - » Applications filed



Vidler Assets in Arizona, Long-Term Storage Credits

<u>Location</u>	<u>LTSC (AF)</u>
Harquahala INA	250,682.53
Current Phoenix AMA	53,816.69
AMA under Contract	<u>-13,650.00</u>
Total Phoenix AMA	<u>40,166.69</u>
Grand Total	290,849.22



Long-Term Storage Credits Under Contract in Arizona

PHOENIX ACTIVE MANAGEMENT AREA RECHARGE CREDITS

- » 13,650 Long-Term Storage Credits under Contract
 - Apache Sun Golf: 1,150 LTSC pricing \$306.26 to \$375.18 per credit, contract terminates 9/30/21
 - Roosevelt Water Conservation District: 12,500 LTSC pricing \$367.50 to \$423.50 per credit, contract terminates 12/31/19

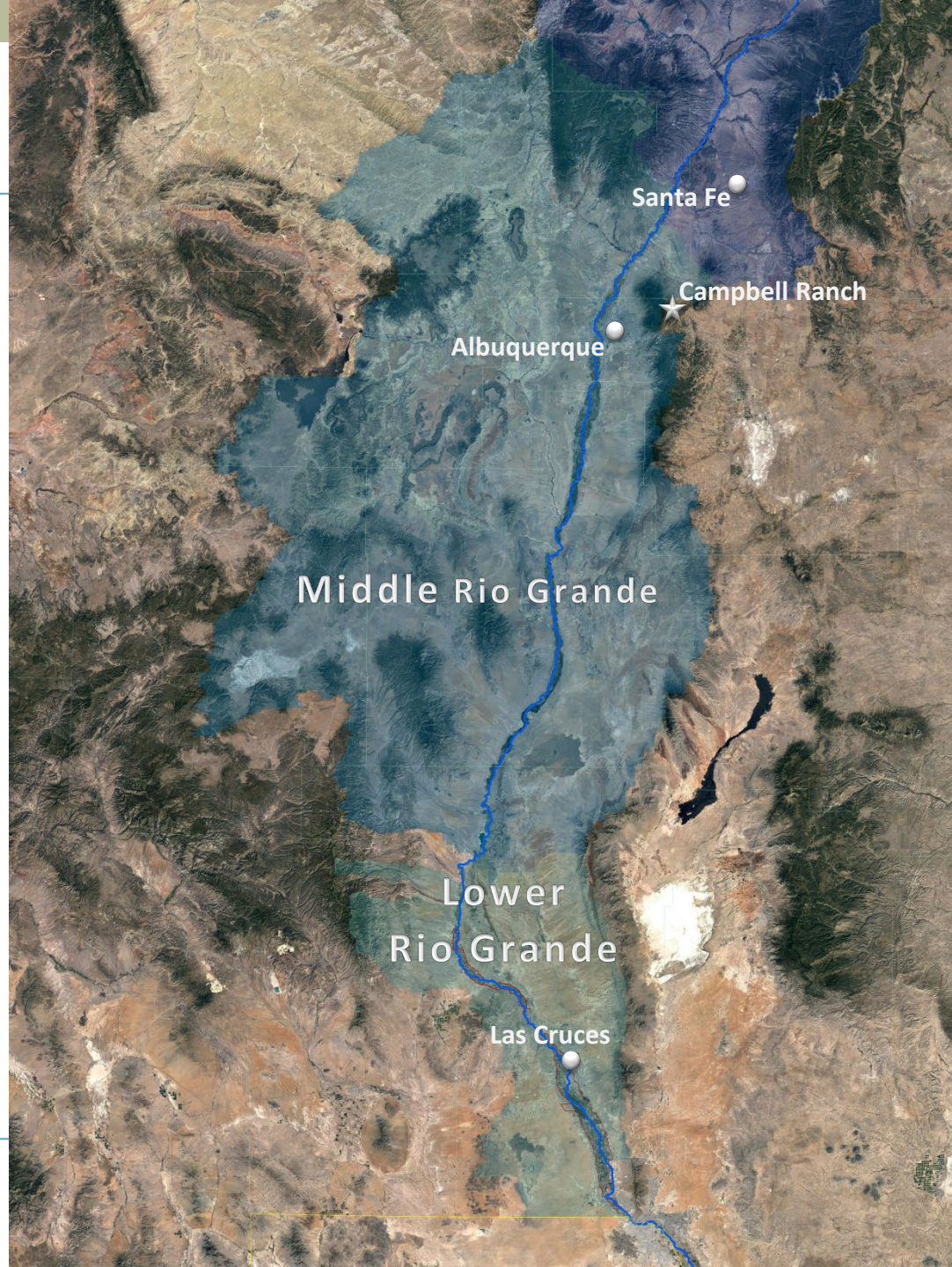
Colorado River Basin Water Supply Forecast:

(Source: April 10, 2018 US Bureau of Reclamation, data provided by NRCS, Snow Pack Conditions Map)

- Snowpack conditions throughout Upper Basin – Approximately half of the upper Colorado River Basin watershed at less than 50% of the median snow water equivalent (“SWE” or the amount of water contained within the snow pack).
- Lower Colorado River Basin (AZ, southern parts of UT, & western NM). Data also indicates most of the watershed at 50% of the median SWE, or less.
- Based on the March 2018 USBR 24 month study, releases from Lake Powell are projected to include an April 2018 equalization release for a total of 9.0 MAF in water year 2018.
- Current runoff projection into Lake Powell are forecasted to be ~50% of average, April through July.

Vidler Assets in New Mexico

- Lower Rio Grande
 - » Agricultural Water: 1,214.78 AF
- Middle Rio Grand
 - » Municipal Water: 99.09 AF
- Campbell Ranch (Application)
 - » Municipal Water: 350 AF



Summit County - Colorado

- Summit County Augmentation Plan
 - » 95.52 AF of water for sale
 - » 57.06 AF currently leased



Vidler's Major Assets: Summary

Arizona Long-Term Storage Credits

- » **Resource driven:** Pent-up demand exists in AZ due to the Colorado River Lower Basin structural deficit and the lack of other significant sources of available LTSCs.

Northern Nevada Assets (North Valleys, Reno and Dayton corridor areas)

- » **Market driven:** Pent-up demand due to housing shortages and lack of available water in the North Valleys and Dayton corridor: **BUT** actual monetization and timing of sales is highly dependent on new residential and commercial demand occurring as part of the “Reno/ Northern Nevada Growth” story.

Return of Monetization Proceeds to Shareholders

2017

- Special Dividend (tax-free return of capital) of \$5 per share (approximately \$115.9 million)
- 47,450 shares repurchased on the open market

2018

- Open market repurchases of stock: 442,428 shares repurchased in Q1 2018 for total cost of \$5 million (average cost \$11.29 per share)
- Any significant additional monetization proceeds anticipated to be returned to shareholders through tender offer, and/or open market repurchases, and/or special dividends depending on facts and circumstances existing at the time of monetization

Reducing Net Costs

- In first quarter 2018 we revised director compensation so that from May 3, 2018, aggregate annual Board compensation will now be \$105,000 if taken in cash or \$131,250 if taken in the form of restricted stock units (vs. 2017 total \$755,318)
- Anticipated reduction in New Mexico project costs in the future
- Ongoing review of cost base as assets are monetized
- Sourcing recurring lease revenue on non-core assets (for example, Fish Springs Ranch solar lease and CO & NV water rights leases)

Reducing Net Costs (cont'd)

- Closing La Jolla, CA office: Transitioning and migrating all functions (treasury, accounting, financial reporting, corporate administration, IT & HR) to Vidler's existing Carson City office
- Vidler's existing Carson City office will become the new headquarters of PICO Holdings, Inc.
- In process of reviewing overall group management function and structure

Q. & A.