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PICO Holdings

NASDAQ:PICO



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ANNUAL MEETING OF SHAREHOLDERS

JULY 11, 2016

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## SAFE HARBOR STATEMENT

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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 of PICO’s real estate and water assets, and may contain words such as “expects,” “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.

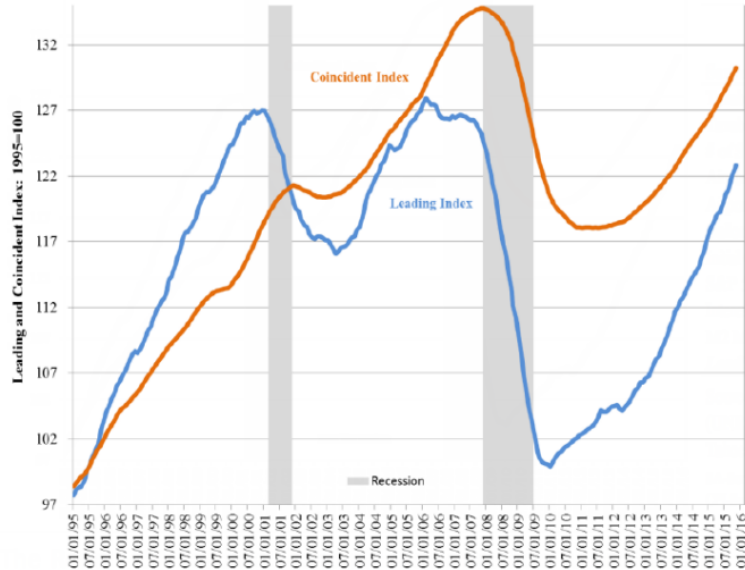
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# VIDLER WATER COMPANY

*Update*

## Reno MSA Leading Index

Reno MSA Leading Index increased between January and February 2016, indicating expected growth in the regional economy over the next 6-12 months. This is the 46th consecutive increase in the monthly index since May 2012.



Series	Latest Period- February 2016	Previous Period- January 2016	Change Previous Period	Change Previous Year- February 2015	Change Previous Year
Taxable Sales (Washoe Co, SA, CPI)	388,364,323	383,259,527	1.33%	357,734,325	8.56%
Taxable Gaming Revenue (Washoe Co., SA, CPI)	41,655,829	41,442,854	0.51%	40,624,363	2.54%
# of Single Family Homes Sold (Washoe Co., SA)	706	703	0.43%	614	15.08%
Airport Passengers (RTIA, SA)	290,083	287,163	1.02%	275,919	5.13%
Airport Cargo Lbs. Shipped (RTIA, SA)	11,802,600	11,675,213	1.09%	10,735,946	9.94%
Gallons of Gasoline Sold (Washoe & Storey Co., SA)	14,369,866	14,311,213	0.41%	14,132,278	1.68%
Initial Claims for Unemployment (Nevada, SA)	3,026	3,063	-1.22%	3,394	-10.86%
S&P 500 index (US, SA, CPI)	1,304	1,315	-0.79%	1,276	2.18%
Interest Rate Spread (US)	1.40	1.75	-20.00%	1.86	-24.73%
M2 Money Supply (US, CPI)	8,020	7,989	0.40%	7,669	4.59%
<b>Leading Index Result</b>	<b>124.54</b>	<b>123.88</b>	<b>0.53%</b>	<b>118.22</b>	<b>5.35%</b>

Source: US Department of Labor, Nevada Gaming Control Board, Washoe County Assessor/Center for Regional Studies (UNR), Federal Reserve Bank of St. Louis, Nevada Department of Taxation, Nevada Department of Motor Vehicles, Reno-Tahoe International Airport (RTIA).

SA-Series results are seasonally adjusted.  
CPI-Series results are adjusted for inflation to 1995.

The Reno MSA Leading Economic Index predicts future changes in the region’s economy by “leading” current economic activity, represented by the coincident index. The Leading Index is based on ten local, regional, and national data series aggregated using a combination of composite and econometric techniques.

The RLI shows a 0.53% increase between January and February 2016, the latest period for which all series data are available. The index increased by 5.35% between February 2015 and January 2016). This is a continuation of the period of growth enjoyed by the region in recent years and provides a positive outlook for future growth in the region over the next six to twelve months.

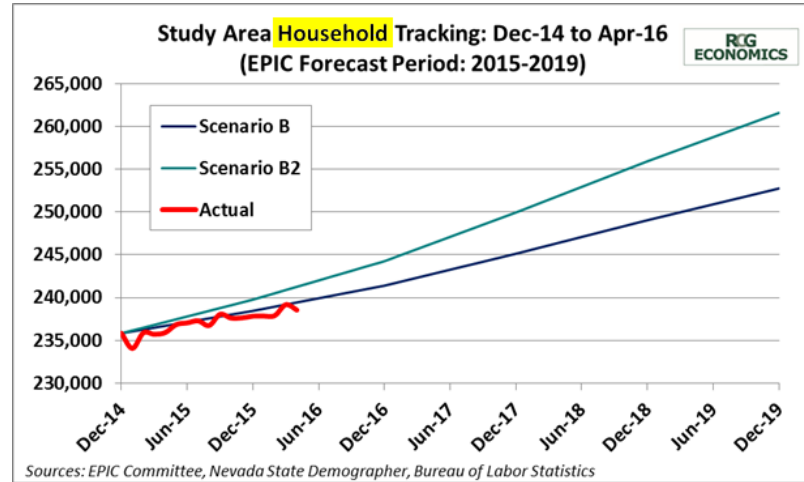
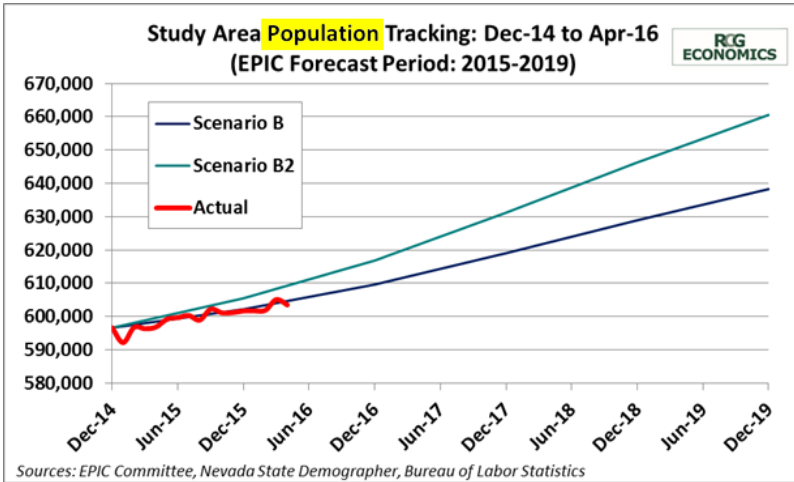
# RENO HOUSING UPDATE

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Data from: Metrostudy, a Hanleywood Company  
Reported by: Northern Nevada Business Weekly

- 1Q16 quarterly new home starts 26% higher than 1Q15, highest first quarter since 2007
- New home closings numbered 1,729 in 1Q16, 4.4% more than 1Q15
- 1 month supply of finished vacant single family homes
- Under construction homes has increased 40% since last year
- 26 months of finished and vacant single family lot inventory; Washoe County has 14 months of inventory
- Affordability remains a concern - 1Q16 37% of new home starts priced below \$300K up from 33% last year; builders trying to provide low priced homes

# Economic Development Authority of Western Nevada



Population	Dec-14	Apr-16	# Change	% Change
EPIC (B)	596,637	604,674	8,037	1.3%
EPIC (B2)	596,637	609,284	12,648	2.1%
Actual	596,637	603,514	6,877	1.2%

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.

Households	Dec-14	Apr-16	# Change	% Change
EPIC (B)	235,825	239,429	3,604	1.5%
EPIC (B2)	235,825	241,255	5,430	2.3%
Actual	235,825	238,543	2,718	1.2%

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.

# NORTH VALLEYS – DEMAND

- Pending projects identified by a University of Nevada study total 20,989± Single Family Units (SFU), approximately 7,600 acre-feet.

## Index to New Residential Subdivision Construction: March 31, 2016

North Valleys Subregion - Washoe County, Nevada

Map Index	Project Name	Developer/Owner	Location	Project Status	# of Units Approved on Tentative Maps	# of Tentative Units Recorded on Final Maps	# of Final Mapped Units that have Closed Escrow	Total Remaining "Approved/Unsold" Units	Constructed Units Ready for Sale (Standing Inventory)	Avg Sale Price of New Homes (1Q-16)	No. of New Sales (1Q-16)	# of Units Finished/P	
71	Rancho San Rafael Townhomes	Fort Apache Homes	Parr Blvd, 750- W of Virginia	Stopped Construction	441	439	321	120	-			118	
<b>SINGLE-FAMILY ATTACHED</b>					<b>Approved Single-Family Attached Subtotal:</b>	<b>441</b>	<b>439</b>	<b>321</b>	<b>120</b>			<b>118</b>	
27	Silver Peak Apartments	EGRS Inc	Lemmon Dr/ Military Rd	Approved	420	0	0	420					
32	Vista Hills	Camino Viejo Investments	NWC Lemmon/Sky Vista	Approved	338	0	0	338					
<b>MULTI-FAMILY</b>					<b>Approved Multi Family Subtotal:</b>	<b>758</b>	<b>-</b>	<b>758</b>	<b>-</b>				
4	Woodland Village	Woodland/Hamilton/Lissner/Placer	N of Reno Park @ Crystal Canyn	Under Construction	2,028	1,573	1,490	538	44	\$248,754	13	39	
6	Canyon Hills	Reno Sun LLC	Cold Springs/White Lake	Stopped Construction	157	157	126	31	-	\$0	0	31	
7	Silver Hills	Lifestyle Homes	Red Rock/Silver Knolls	Approved	680	-	-	680	-	\$0	0	-	
13	Regency Park I	DR Horton	SEC Stead Blvd & Echo Ave	Under Construction	157	157	5	152	-	\$276,018	4	152	
15	Stonefield	Lennar Homes	Military/Lear	Stopped Construction	651	278	181	470	-	\$0	0	97	
19	Silver Vista Village	Barker-Coleman	Military Rd, S of Lear Blvd	Approved	194	193	-	194	-	\$0	0	193	
40	Cabernet Highlands	Lennar Homes	East of North Hills/Buck	Stopped Construction	290	112	34	256	-	\$0	0	78	
41	Estancia	Estancia I LLC	East of North Hills/Buck	Under Construction	290	103	75	215	1	\$298,783	3	27	
51	North Valley Hills	Better Building Company	Golden Valley Rd/Beckworth	Under Construction	272	272	270	2	2	\$336,092	3	-	
55	Ladera Ranch	Ladera Ranch Group	082-473-06	Approved	356	105	-	356	-	\$0	0	105	
56	Panther Valley Estates	Townsend Enterprises	100' N of Western/Omaha	Stopped Construction	35	35	18	17	-	\$0	0	17	
57	Sun Mesa	Nevada Saltwater LLC	Klondike & 5th Ave	Stopped Construction	207	104	104	103	-	\$0	0	-	
<b>SINGLE-FAMILY DETACHED</b>					<b>Approved Single Family Subtotal:</b>	<b>5,317</b>	<b>3,089</b>	<b>2,303</b>	<b>3,014</b>	<b>47</b>		<b>23</b>	<b>739</b>
<b>Grand Total of Approved Units:</b>					<b>6,516</b>	<b>3,528</b>	<b>2,624</b>	<b>3,892</b>	<b>47</b>			<b>23</b>	<b>857</b>
					<b>Proposed Units:</b>		<b>Type</b>						
21	Heinz Ranch MF	Property Owners Group LLC	SWC US 395 & White Lake Pky	Pending	336	MF							
26	Lemmon Valley Apartments I	Lansing	Lemmon Dr & Military Rd	Pending	264	MF							
28	Lemmon Valley Apartments II	Lansing	Lemmon Dr & Military Rd	Pending	112	MF							
30	Sky Vista Apartments	Silverwing	Sky Vista Pky/Trading Post Rd	Pending	72	MF							
64	Spectrum	Lansing	Dandini & Spectrum Blvds	Pending	330	MF							
1	Evans Ranch PUD	Lifestyle Homes	NE of Cold Springs development	Pending	5,679	SF							
2	Silver Star Ranch	Daniel Douglass	13700 Red Rock Dr	Pending	1,600	SF							
9	White Lake Vistas	Lifestyle Homes	White Lake Pkwy	Pending	324	SF							
12	Regency Park II	UNR Holdings I LLC	SEC Stead Blvd & Echo Ave	Pending	204	SF							
14	North Valleys Annexation	Lansing Co.	NWC Lemmon & Patrician Dr	Pending	454	SF							
16	Train Town	Lifestyle Homes	Bordertown	Pending	1,300	SF							
17	North Valley Estates	Townsend Enterprises, LLC	Pan American Way & Budger Way	Pending	109	SF							
20	Heinz Ranch SF	Property Owners Group LLC	SWC US395 & White Lake Pky	Pending	3,800	SF							
22	Arroyo Crossing	High Valley/HV Arroyo/Brothers Brown	Military/Kelly Ln	Pending	237	SF							
52	Northridge	Ridgetop Investments, LLC	terminus of Beckworth Dr	Pending	91	SF							
58	Valle Vista	Landbank Development	SEC Lupin/4th	Pending	75	SF							
70	Falcon Ridge	Townsend Enterprises LLC	NEC Sun Valley & El Rancho	Pending	142	SF							
ERGS	n/a	Lemmon Valley Land Co.	NWC Lemmon Dr & Bernoulli St	Pending	500	SF							
NVIG 4	n/a	North Valleys Invest Group LLC	SEC Lemmon Dr & Arkansas Dr	Pending	913	SF							
NVIG 6,7	n/a	North Valleys Invest Group LLC	Lemmon Dr & Chickadee Dr	Pending	3,529	SF							
NVIG 8	n/a	North Valleys Invest Group LLC	NEC Lemmon Dr & Oregon Blvd	Pending	338	SF							
<b>PENDING PROJECTS</b>					<b>Total Units Pending Approval:</b>	<b>20,309</b>							

Center For Regional Studies  
College of Business  
University of Nevada, Reno

Does not include Industrial & Commercial Demands

# NORTH VALLEYS EXPECTED TRANSACTION SCHEDULE

Based on discussions with area developers: represents best estimate at July, 2016

Development	Single Family Units	Commercial/ Industrial Acres	Date Estimated for Contract	Estimated Water Usage (AF)
1	680/1,300		Nov-16/Mar-17	249/470
2	454		May-17	163
3	913		May-17	329
4	3,800 (336+MF)	235	May-18	2,026
5	1,300		May-18	470
6	324	342	May-18	300
7	1,600		May-18	449
8	5,679	62	May-18	2,612
9		1700	Mar-18	200
10	3,529		Jan-18	1,270
<b>TOTAL</b>				<b>8,068 / 8,289</b>



# DAYTON VALLEY – DEMAND

- Projects identified by a University of Nevada study total 13,308± Single Family Units (SFU) needing water rights (Dayton-5,832 SFU, Mark Twain-7,476 SFU). Approximately 6,700 acre-feet required.

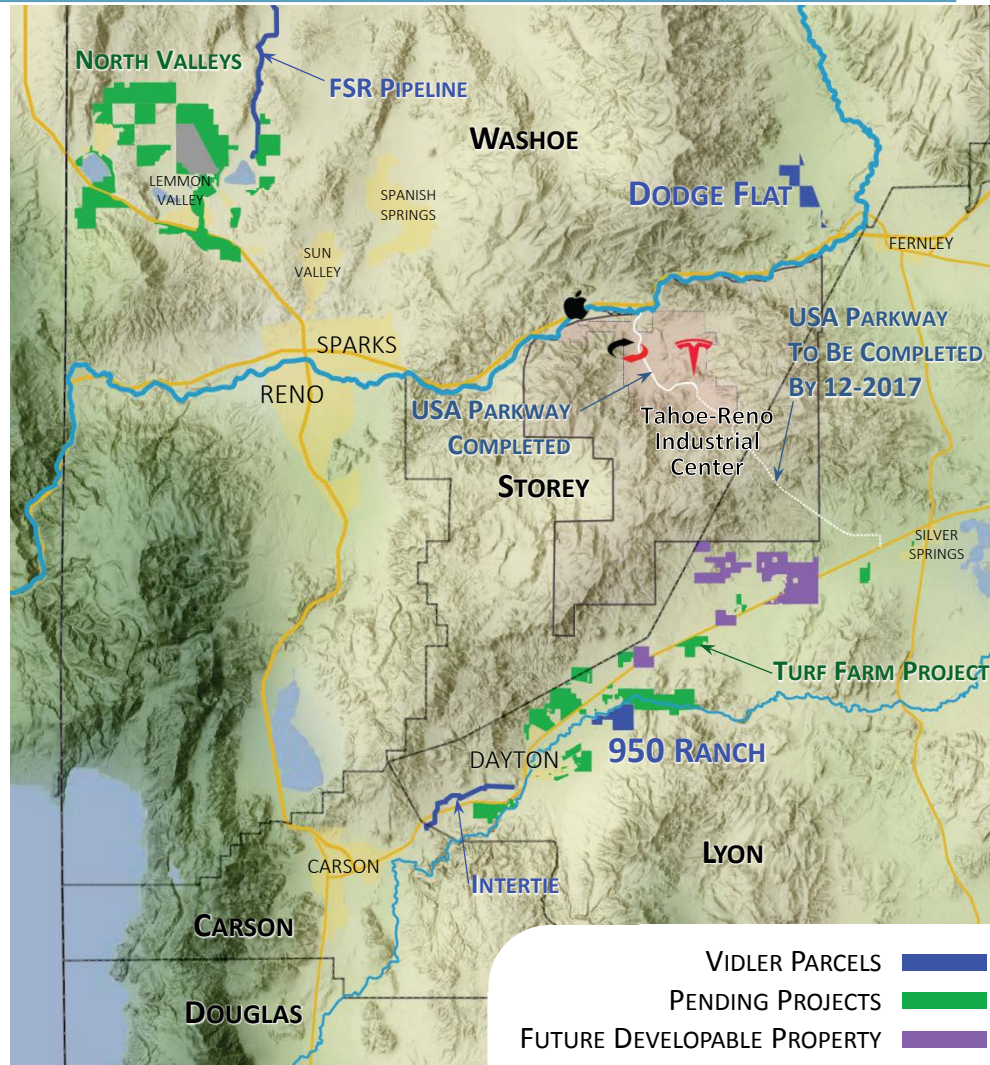
## Residential Construction Activity - March 31, 2016

US Highway 50 Corridor - Lyon County, Nevada

Index	Project Name	Developer/Owner	Total # of Units Planned	# of Final-Mapped Units	# Units that have Closed Escrow	Total Remaining Units	Location	City	Project Status	Actively Selling?	Project Type
52	Aspen Creek	Wade Development	576	-	-	576	East of Riverpark	Dayton	Tentative Map		SF
56	South Rolling "A"	Vidler Water Co.	900	-	-	900	South of Riverpark	Dayton	Tentative Map		SF
60	Mira Vida	Minor Ranch LLC	614	-	-	614	East of Point Legado	Dayton	Tentative Map		SF
61	Bolton Village	Daniel Ray Bolton	90	-	-	90	Dayton Valley Rd/Minor Rd	Dayton	Tentative Map		SF
62	Royal Troon @ Legado	Silverado Homes	301	113	98	199	in The Lakes @ Dayton Valley PUD	Dayton	Under Construction	y	SF
63	Lakes @ Dayton, Vill.9-14	Lakemont Homes	1,460	-	-	1,460	part of Lakemont LLC, Dayton Valley Inv.	Dayton	Tentative Map		SF
64	Lakes @ Dayton Valley 9	Lakemont Homes	91	91	24	64	part of Lakemont LLC, Dayton Valley Inv.	Dayton	Under Construction	y	SF
65	Carson River Estates	Carson River LLC	99	91	32	61	Quilici Rd	Dayton	Under Construction	y	SF
66	Cypress Point @ The Lakes	Silverado Homes	172	170	138	34	in Legado MPC	Dayton	Under Construction	y	SF
67	Legado - custom homes	Silverado Homes	177	176	125	52	in Legado MPC	Dayton	Under Construction	y	SF
68	The Gallery	DBBR, Inc	99	65	51	48	W end of Legado development	Dayton	Under Construction	n	SF
69	Waterford	Landmark Homes	60	60	26	34	NEC Dayton Valley @ Quilici	Dayton	Under Construction	n	SF
70	Trabrizi Court 5/6-Plexes	Trabrizi Dev.	22	-	-	22	Dayton Valley Rd	Dayton	Tentative Map		SF
71	Airpark Estates	Silverado Homes	135	40	29	106	Dayton Valley Rd @ Palmer	Dayton	Under Construction	n	SF
72	Santa Maria Ranch I	Dayton Land Developers LLC	554	168	60	493	US50 at Ophir Hill Rd	Dayton	Under Construction	y	SF
73	Santa Maria Ranch II	Dayton Land Developers LLC	2,192	-	-	2,192	US50 at Ophir Hill Rd	Dayton	Planned Development		SF
<b>Dayton Subtotal:</b>			<b>7,542</b>	<b>974</b>	<b>583</b>	<b>6,945</b>					
44	Copper Canyon	Lennar Homes	687	102	100	585	N side 50, E of Pine Nut	Mark Twain	Under Construction	y	SF
45	Canyon Estates	Stanton Homes	1,104	152	151	952	N Side of Canyon Estates	Mark Twain	Under Construction	y	SF
46	Nantucket Place	Dayton Valley Land LLC	44	44	16	28	N end of Six Mile Canyon	Mark Twain	Under Construction	n	SF
47	Woodbridge Estates	Dayton Property Partners, LLC	77	-	-	77	S side 50, E of La Fond	Mark Twain	Tentative Map		SF
48	AJA Estates/Millard	Millard Dev.	8	-	-	8	Six Mile Canyon Rd	Mark Twain	Tentative Map		SF
49	Riverpark Ph.3, Units 16-19	Lennar Homes	240	-	-	240	Fort Churchill Rd	Mark Twain	Tentative Map		SF
50	Riverpark Ph.4, Units 3&4	Lennar Homes	97	-	-	97	Stratton Dr	Mark Twain	Tentative Map		SF
51	Traditions, Ph2-4	Sutro Residential Group, LLC	3,400	-	-	3,400	HWY50 east of Enterprise Wy	Mark Twain	Tentative Map		SF
53	River Park (balance)	Lennar Homes	820	786	668	142	S side US50, @ Ambrose Dr	Mark Twain	Under Construction	y	SF
54	Silverthorn Development	Century Oak Land Co	134	-	-	134	Melanie Dr/Mark Twain	Mark Twain	Tentative Map		SF
55	Traditions, Ph1 (balance)	Blackstone Development Group	1,324	-	-	1,324	HWY50 @ Sutro Tunnel Rd	Mark Twain	Tentative Map		SF
57	Traditions Phase I	Blackstone Development Group	317	-	-	317	HWY50 @ Sutro Tunnel Rd	Mark Twain	Tentative Map		SF
58	Estates at Sutro	Sutro Heights LLC	97	-	-	97	off Sugarloaf Dr	Mark Twain	Tentative Map		SF
59	Heritage Ranch	Dayton Valley Est LLC	211	-	-	211	off Sheep Camp Rd	Mark Twain	Tentative Map		SF
<b>Mark Twain Subtotal:</b>			<b>8,560</b>	<b>1,084</b>	<b>935</b>	<b>7,612</b>					
38	White Sage Subdivision	White Sage Phil LLC	32	32	16	16	off Idaho St	Silver Springs	Tentative Map		SF
39	Villages of Silver Springs	undetermined	697	-	-	697	off Topaz St	Silver Springs	Tentative Map		SF
<b>Silver Springs Subtotal:</b>			<b>729</b>	<b>32</b>	<b>16</b>	<b>713</b>					
40	High Plains Estates, Ph2	GMG Development	80	-	-	80	off Boyer Ln, Hwy50	Stagecoach	Tentative Map		SF
41	High Plains Estates, Ph4	GMG Development	30	-	-	30	off Boyer Ln, Hwy50	Stagecoach	Tentative Map		SF
42	High Plains Estates, Ph1	GMG Development	43	43	38	5	off Boyer Ln, HWY 50	Stagecoach	Under Construction	n	SF
43	The Best Estates	Resident Agent Services Inc.	4	-	-	4	off Boyer Ln	Stagecoach	Tentative Map		SF
<b>Stagecoach Subtotal:</b>			<b>157</b>	<b>43</b>	<b>38</b>	<b>119</b>					
<b>Grand Total of Units:</b>			<b>16,988</b>	<b>2,133</b>	<b>1,572</b>	<b>15,389</b>					



# NORTHERN NEVADA - PROXIMITY MAP



# LBDCP Reductions

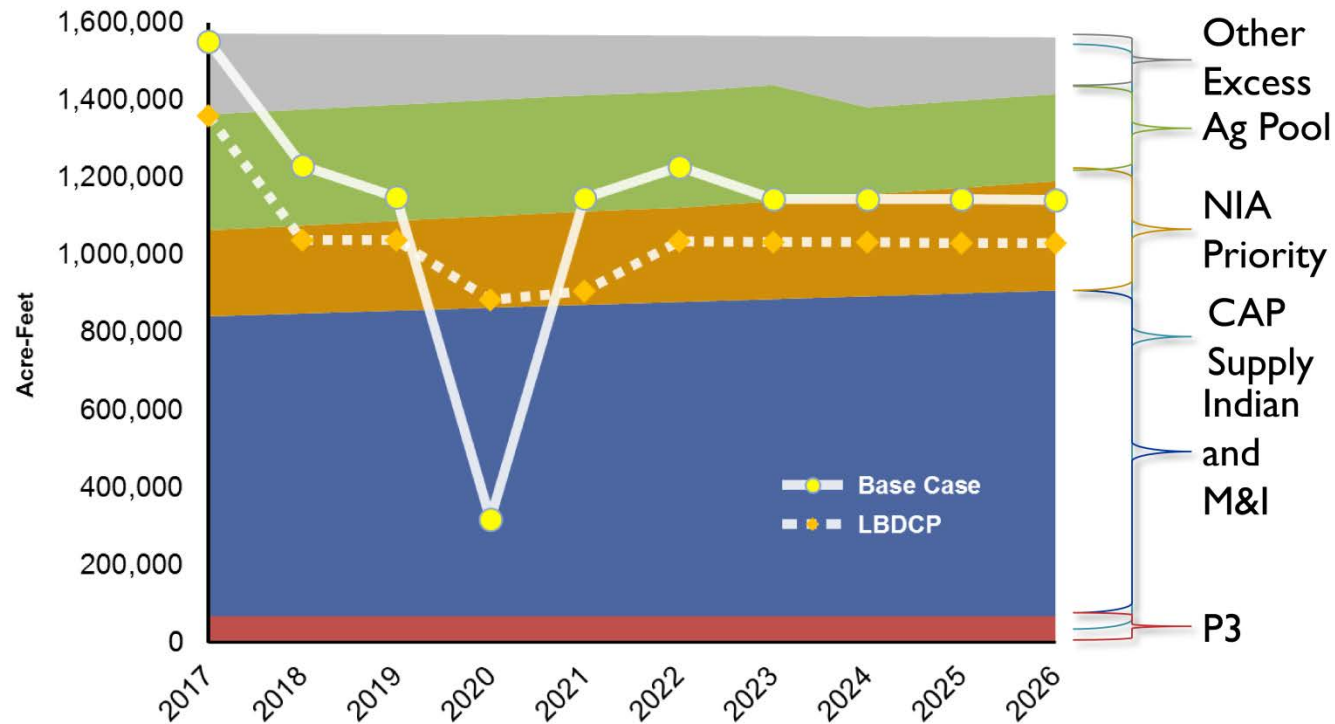
Lower Basin Drought  
Contingency Proposal  
(Requires Legislation)

Lake Mead Elevation	AZ (2007)	AZ (Plan)	AZ Total	NV (2007)	NV (Plan)	NV Total	CA (2007)	CA (Plan)	CA Total	BOR	Mexico Minute 319*	Total
1,090-1,075	0	192,000	192,000	0	8,000	8,000	0	0	0	100,000	0	300,000
1,075-1,050	320,000	192,000	512,000	13,000	8,000	21,000	0	0	0	100,000	50,000	683,000
1,050-1,045	400,000	192,000	592,000	17,000	8,000	25,000	0	0	0	100,000	70,000	787,000
1,045-1,040	400,000	240,000	640,000	17,000	10,000	27,000	0	200,000	200,000	100,000	70,000	1,037,000
1,040-1,035	400,000	240,000	640,000	17,000	10,000	27,000	0	250,000	250,000	100,000	70,000	1,087,000
1,035-1,030	400,000	240,000	640,000	17,000	10,000	27,000	0	300,000	300,000	100,000	70,000	1,137,000
1,030-1,025	400,000	240,000	640,000	17,000	10,000	27,000	0	350,000	350,000	100,000	70,000	1,187,000
<1,025	480,000	240,000	720,000	20,000	10,000	30,000	0	350,000	350,000	100,000	125,000	1,325,000

\*Minute 319 reductions extend through 2017. Assume reductions continue in Minute 32X.



# Example "A"



## Lake Mead at Hoover Dam – March 2<sup>nd</sup> 2016



# Lake Mead at Hoover Dam – May 19<sup>th</sup> 2016



1221 Full Pool Elevation

1153 November 2002

1074.5 May 19<sup>th</sup> 2016

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# CORPORATE

*Update*

## COST SAVINGS

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- Cost savings over the last year approximately \$2.3 million per annum (current cash overhead for Corporate & Vidler approximately \$11 million per annum from 2Q 2016)
- Estimated future annual cost savings anticipated to be up to \$1.5 million over the course of the next 12 months (reduction of total Corporate & Vidler cash overhead to approximately \$9.5 million per annum)



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# Q. & A.