

2025 QUARTER 1 REPORT

DANA POINT HARBOR PARTNERS



Marina and Drystack

Operations

Marina

Marina Improvement Project

- Dock Phases 1-6 and 8 have been completed with certificates of occupancy issued by County of Orange Public Works for phases 1-6 on 5/28/24, 3/28/24, 1/19/24, 1/19/24, 2/29/24, 9/17/24, and 3/31/2025, respectively.
- Dock W18 in Phase 7 received a temporary certificate of occupancy on 11/18/24 by County of Orange Public Works.
- Dock demolition for the remainder of Phase 7 commenced in April 2025 with the remainder of Phase 7 slips expected to be delivered for occupancy in June 2025.

Boaters Lawsuit

- Motion for summary judgement in boaters lawsuit granted by judge in favor of DPHP and entered on June 29, 2023. An appeal was filed and an appeal hearing occurred on December 17, 2024. On February 26, 2025, the Court of Appeal ruled in favor of DPHP and awarded DPHP recovery of its costs.
- In April 2025, the plaintiffs filed an appeal to the State Supreme Court.
- In May 2025, California Supreme Court denied the case. The only remaining item is an appeal on attorney fees.

Slip Rates

- On March 21, 2025, DPHP delivered to the County of Orange a notice of proposed increases in slip rates in accordance with the Master Lease, along with a comprehensive market rate survey.
- In April 2025, DPHP notified tenants with slip rate increase letters notifying them of new rates effective June 1, 2025.
- In May 2025, DPHP postponed the rate increase and the effective date was moved to July 1, 2025.

Drystack

Operations

- Operations continue and are being managed to accommodate redevelopment work on premises and accommodate construction of the parking garage.
- On March 12, 2024, a notification was sent to Dry Storage tenants notifying them that the \$12 per foot rate that was put into effect in September 2021 will be enforced for all tenants, removing any and all discounts that had existed in the area.

Redevelopment

- Planning and entitlement efforts continue as DPHP looks to secure approvals with California Coastal Commission for revised layout. Not expected until late 2025.
- On February 20, 2024, DPHP submitted to the City of Dana Point an updated parking and striping plan for the Embarcadero area. The plan is optimized to account for parking space requirements and on-site logistics. This is an interim plan during the construction of the parking garage and does not affect the Drystack building or parking which remain unchanged.
- In June 2024, DPHP was notified by the City of Dana Point's Director of Community Development that the DPHP Drystack changes with respect to updated parking and striping plans for the Embarcadero area substantially comply with the original CDP13-0018(I) approval and that DPHP was in compliance with the conditions outlined in the CDP. The plans optimize the parking space requirements and on-site logistics during construction of the parking garage and do not affect the drystack building or parking which remain unchanged once completed. The drystack redevelopment work is not scheduled to commence until 2026 at the earliest.

Financials

Attached are the 2025 financials for Dana Point Harbor Partners – Marina and Drystack components. As presented, the Marina component includes the Marina operations and Direct Tenants (Nordhavn, Shipyard and Fuel Dock). The Drystack component includes the Embarcadero operations (with Pure Watersports) and Direct Tenant (Verizon).

2025 to 2024 Marina Comparison

The following is a condensed comparison of March 2025 vs. March 2024 Marina results.

Year-to-date comparison indicates a 10% increase in revenue, an 8% decrease in operating expenses, and a 27% increase in operating income. The Marina continues to benefit from increased sublease demand as boaters seek temporary access to slips during the redevelopment sublease market rates. In 2024 DPHP ceased accruing for dredging expense, resulting in a reduction in capital expense year-over-year.

DPHP Marina	Current YTD 3/31/2025	Prior YTD 3/31/2024	% Change
REVENUES			
Slip Rental Income	4,928,418	4,493,845	10%
Total Guest Fees	36,440	41,224	-12%
Total Office Rent	36,085	32,533	11%
Sublease Income	538,310	462,132	16%
Broker & Charter Flat Fees	59,210	85,800	-31%
Direct Tenant Income	143,206	110,777	29%
Parking Income	44,315	47,286	-6%
Total Other Income	98,096	92,424	6%
TOTAL REVENUES	5,884,080	5,366,022	10%
TOTAL OPERATING EXPENSES			
Wages & Benefits	326,932	317,522	3%
Direct Expenses	816,004	875,644	-7%
Administrative Expenses	676,704	679,184	0%
Capital Expense & Property Tax	62,530	277,030	-77%
County Rent	557,030	509,858	9%
TOTAL OPERATING EXPENSES	2,439,199	2,659,238	-8%
NET OPERATING INCOME	3,444,881	2,706,784	27%

2025 to 2024 Drystack Comparison

The following is a condensed comparison of March 2025 vs. March 2024 Drystack results. Launch ramp revenue has been increasing and administrative and direct expenses have been reduced.

Year-to-date comparison indicates a 1% increase in revenue, a 6% decrease in operating expenses, and a 21% increase in operating income. Despite the vacancy loss created by redevelopment efforts, this increase is directly due to diligent management of the Drystack.

DPHP Drystack	Current YTD 3/31/2025	Prior YTD 3/31/2024	% Change
REVENUES			
Boat Storage Income	215,159	220,164	-2%
Wet Slip Rentals	6,330	5,315	19%
Launch Ramp Income	47,105	39,480	19%
Charter Slip Income	7,440	7,228	3%
Merchant Income	35,883	35,316	2%
Total Other Income	1,955	4,034	-52%
TOTAL REVENUES	313,871	311,537	1%
TOTAL OPERATING EXPENSES			
Wages & Benefits	100,239	107,682	-7%
Direct Expenses	35,387	41,009	-14%
Administrative Expenses	33,271	32,618	2%
Capital Expense & Property Tax	1,350	1,350	0%
County Rent	47,348	49,223	-4%
TOTAL OPERATING EXPENSES	217,595	231,883	-6%
NET OPERATING INCOME	96,276	79,653	21%

Commercial Core and Parksapces

Operations and Revitalization

Parking Structure Project

- Golden Lantern entrance realignment work commenced 1/13/25 and is scheduled for completion in the middle of June 25'. Recently completed the installation of the new traffic signals. Base and asphalt have begun on the new Harbor Way.
- Landscaping well underway with the planting of specimen trees (Pine, Oak, Sycamore, Pink Melaleuca) and other shrubs.
- Interior signage, striping, security cameras, and parking management systems being installed.
- Tile and other finishes well underway for the new Boater facility.
- Curbs are nearly 100% poured and asphaltting is 50% complete. Decorative concrete for sidewalks and valet lot being poured.

Balance of Commercial Core Project

- Continued predevelopment planning for future commercial core phases.
- Planning for the closure of the Waterfront buildings (Buildings 6 –12) and relocation of some tenants in anticipation of the commencement of Phase 3 sitework and building construction by 3Q25.
- Active leasing discussions are underway with existing and prospective tenants for future Commercial Core phases.
- In Due-Diligence with prospective lender to finance the next phases of construction.

Operations

- Harbor Hosted Events
 - Red Cross Blood Drive - January
 - Little Folk Club – January, February & March
 - Festival of Whales - March
 - Modern Makers Mart - March
- Community Presentations/Site Tours
 - Niguel Shores Women's Club - February
 - ULI Next Group - March
- PR Top Stories
 - Golden Lantern Detour - January
 - Festival Of Whales – February & March
- Maintenance and Projects
 - Installed 10 new picnic tables at the picnic shelters.
 - Replaced plant material and seeded the grass areas throughout the Harbor.
 - In preparation of Phase 3, management is collaborating with existing tenants to relocate businesses to the vacancies.
 - Updated security program with new technology and truck for the 24/7 security guards.
 - Paved and patched the commercial core parking lots.
 - Replaced numerous restroom sinks, toilets, urinals, and hand dryers throughout the Harbor.
 - Continue to patch and paint all buildings throughout the Harbor.

Financial Summary

The Commercial Core component includes retail shops, restaurants, whale watching, Catalina Express, office spaces, and yacht clubs.

2025 to 2024 Commercial Core Comparison

Below is a condensed comparison of the YTD March 2025 vs. YTD March 2024 Commercial Core financial results. Net Operating Income decreased by 82% primarily due to lower revenue resulting from tenant rent reductions during Golden Lantern construction closure, three vacant restaurant suites, and increase in operating expenses due to shuttle program, signage, traffic control, building repairs and maintenance, parkscapes maintenance, relocation of the management office and new hire.

DPHP Commercial Core	Current YTD	Prior YTD	%
	03/31/25	03/31/24	Change
REVENUES			
Tenant Rent Income	869,694	1,084,442	-20%
Tenant Parking Income	109,522	104,515	5%
Puerto Pl. Parking Income	12,257	8,804	39%
Reimbursable Expense Income	117,824	135,904	-13%
Other Income	0	0	n/a
TOTAL REVENUES	1,109,297	1,333,665	-17%
OPERATING EXPENSES			
Wages & Benefits	96,838	54,638	77%
Direct Expenses	586,280	425,007	38%
Administrative Expenses	148,999	121,487	23%
Property Tax	16,815	0	n/a
Insurance	132,376	177,283	-25%
County Rent	41,542	71,875	-42%
TOTAL OPERATING EXPENSES	1,022,850	850,290	20%
NET OPERATING INCOME	86,447	483,375	-82%

Other variances:

County Rent decreased by 42% due to rent abatement starting on March 1, 2024 (per section 4.2.1a of the Ground Lease) because of the commencement of redevelopment work, and a 17% reduction in revenue. Percentage rent still applies. Property tax was paid in March 2025 vs. property tax paid in April 2024.

Hotels

Operations and Revitalization Summary

Hotels

- Hotel Development Submittals (County)
 - Schematic Design Documents approved by the County on 06/05/2019.
 - Preliminary Plans & Specs to be submitted following the approval of the Local Coastal Program Amendment (LCPA) by the California Coastal Commission (CCC) and the City of Dana Point. Second reading of the LCPA by City Council is anticipated on 09/03/2024.
- Hotel Entitlement - LCPA (City and CCC)
 - LCPA approved by the City of Dana Point on 07/21/20.
 - City submitted the LCPA application to CCC on 07/29/20.
 - CCC approved a 12-month extension to review the LCPA on 10/07/20.
 - As mutually agreed by City and CCC, City withdrew the CCC LCPA application, and promptly resubmitted it on 11/30/2021. Contrary to the mutual agreement between CCC staff and City staff, CCC released a status letter of incomplete application on 12/13/2021. CCC released a second status letter (incomplete application) on 12/14/2022. CCC deemed the City LCPA application as complete on 04/17/2023.
 - During July 2023, CCC voted itself a 12-month extension (technically through August 2024) for the LCPA Hearing. This was its second 12-month extension.
 - On 10/31/2023, the City informed us that CCC District Supervisor Eric Stevens is no longer on our project or the LCPA. The District Supervisor replacement has been identified as Amrita Spencer.
 - Based on CCC staff availability, an LCPA coordination conference call was arranged and conducted on 11/20/2023. CCC staff was not available for a meeting between 11/20/2023-01/30/2024. An in-person meeting at CCC's Long Beach office was conducted on 01/30/2024. On 04/18/2024, CCC released a draft of suggested modifications (that appear to deviate from the last 16 months of coordination with CCC staff). Follow-up video conference calls occurred on 04/18-22/2024. The final draft of the suggested modifications was coordinated on 05/29/2024.
 - CCC unanimously approved the LCPA with Suggested Modifications on 06/14/2024.
 - The LCPA with Suggested Modifications was unanimously approved by the City of Dana Point on 07/16/24. A second reading of the LCPA by City Council occurred on 09/03/2024.
- Hotel Entitlement – EIR & CDP (City)
 - City has conducted an EIR Scoping Meeting at City Council Chambers on 08/14/2024.
 - Due to increased scrutiny by special interest groups, City provided additional analysis within the updated Draft EIR. The Draft EIR's 45-day public review period concluded on April 28, 2025.
 - The City's scheduling of Planning Commission will be based on the magnitude of public comments to the DEIR that must be addressed within the forthcoming FEIR. The earliest anticipated Planning Commission date is June 23, 2025.

Financial Summary

Below are the YTD 2025 financials for Dana Point Harbor Partners – Hotel component. The Hotel component includes the Marina Inn operations. Revenues were down 12.7% and net operating income (NOI) was down 88.5% versus YTD 2024 through Q1.

DPHP Marina Inn	Current YTD 3/31/2025	Prior YTD 3/31/2024	% Change
REVENUES			
Rooms Revenue	695,484	808,617	-14.0%
Other Revenue	59,539	56,370	5.6%
TOTAL REVENUES	755,023	864,987	-12.7%
OPERATING EXPENSES			
Rooms Expenses	222,608	230,222	-3.3%
Food Expenses	36,771	37,298	-1.4%
Administrative Expenses	303,228	284,266	6.7%
Association Fees	23,658	21,325	10.9%
Management Fees	27,294	28,506	-4.3%
Insurance	35,467	33,196	6.8%
Property Tax	7,708	9,051	-14.8%
County Rent	51,140	46,463	10.1%
Equipment Leases	824	515	60.0%
FF&E Reserve	30,243	34,529	-12.4%
TOTAL OPERATING EXPENSES	738,941	725,371	1.9%
NET OPERATING INCOME	16,082	139,616	-88.5%