

2025 QUARTER 2 REPORT

DANA POINT HARBOR PARTNERS



Marina and Drystack

Operations

Marina

Marina Improvement Project

- Dock Phases 1-8 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, 3/31/25, and 7/1/25 respectively.
- Dock demolition for Phase 9A commenced on July 2nd with the Phase 9A expected to be delivered for occupancy in September 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.
- In June 2025, the Appellate Court affirmed the decision of the trial court awarding DPHP recovery of its costs.

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.
- On July 1, 2025, new rates went into effect with an increase of 9%

Drystack

Operations

- Operations continue and are being managed to accommodate redevelopment work on premises.
- 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. The Drystack landside plans are being refined to incorporate feedback from the city with the objective of submitting them for Substantial Compliance by the end of the year. Concurrently, the Drystack waterside CDP application is in progress, with a target submission date by year-end.

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 June 2025 vs. June 2024 Marina results.

Year-to-date comparison indicates a 8% increase in revenue, an 9% decrease in operating expenses, and a 26% 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 6/30/2025	Prior YTD 6/30/2024	% Change
REVENUES			
Slip Rental Income	9,986,160	9,154,715	9%
Total Guest Fees	128,586	124,351	3%
Total Office Rent	60,220	140,080	-57%
Sublease Income	1,111,337	993,896	12%
Broker & Charter Flat Fees	121,120	165,700	-27%
Direct Tenant Income	323,482	224,898	44%
Parking Income	106,074	107,471	-1%
Total Other Income	194,058	195,819	-1%
TOTAL REVENUES	12,031,036	11,106,930	8%
TOTAL OPERATING EXPENSES			
Wages & Benefits	713,389	673,450	6%
Direct Expenses	1,634,952	1,851,819	-12%
Administrative Expenses	1,401,901	1,405,194	0%
Capital Expense & Property Tax	125,060	553,560	-77%
County Rent	1,140,840	1,035,736	10%
TOTAL OPERATING EXPENSES	5,016,142	5,519,760	-9%
NET OPERATING INCOME	7,014,895	5,587,171	26%

2025 to 2024 Drystack Comparison

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

Year-to-date comparison indicates a 3% increase in revenue, a 8% decrease in operating expenses, and a 29% increase in operating income. Despite the vacancy loss created by redevelopment efforts, this increase is directly due to diligent management of the Drystack.

Total Other Income is comprised of miscellaneous income and collection income. The \$2,027 (-26%) decrease year over year is a result of a decline in late fees. This is a result of a greater share of the current tenant base paying their dry storage rents on time.

DPHP Drystack	Current YTD	Prior YTD	
	6/30/2025	6/30/2024	% Change
REVENUES			
Boat Storage Income	430,992	428,690	1%
Wet Slip Rentals	19,034	15,585	22%
Launch Ramp Income	139,802	118,200	18%
Charter Slip Income	15,302	14,456	6%
Merchant Income	85,605	90,339	-5%
Total Other Income	5,636	7,663	-26%
TOTAL REVENUES	696,371	674,934	3%
TOTAL OPERATING EXPENSES			
Wages & Benefits	203,883	229,128	-11%
Direct Expenses	57,318	65,100	-12%
Administrative Expenses	66,710	73,738	-10%
Capital Expense & Property Tax	2,700	2,700	0%
County Rent	98,558	96,359	2%
TOTAL OPERATING EXPENSES	429,170	467,024	-8%
NET OPERATING INCOME	267,201	207,910	29%

Commercial Core and Parksapces

Operations and Revitalization

Parking Structure Project

- Parking Structure substantially completed July 1, 2025.
- Ribbon cutting ceremony July 2, 2025 with key stake holders (County, City, key consultants).
- TCO approval received June 26, 2025. Working on closing out final permits to obtain Certificate of Occupancy in August/ September.

Balance of Commercial Core Project

- Relocation of existing tenants in anticipation for Phase 3 construction completed.
- Actively bidding out phase 3 of the Commercial Core
- Estimated construction commencement for Phase 3 is September 2025.
- 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

- Opened parking structure to the public July 3rd, 2025.
- Opened Frisby Cellars in their new space located at 34661 Golden Lantern.
- Opened new tenant Coco Bloom Coffee at 34669 Golden Lantern.
- Completed relocation agreements with Vintage Yacht Club, Bella Bazaar and Gift Chateau.
- Harbor Events
 - Red Cross Blood Drive – May 6
 - Modern Makers Mart – May 10
 - Little Folk Club – May 16
 - Citywide Scavenger Hunt – June
 - Seaside Sessions Live Music – June (Every Thursday)
 - Flag Day – June 14
 - Little Folk Club – June 20
 - Coco Bloom Ribbon Cutting – June 27
 - Coastal Cowgirl Event – June 28
- Community Presentations/Site Tours
 - 2nd District – April 9
 - ULI / NEXT – June 12
 - Orange County Business Council – June 18
- PR Top Stories
 - Sustainability Efforts – April
 - Don Hansen Day – May
 - Wharf Tenant Relocations – May/June
 - Mother's Day Roundup – May
 - Tenant Openings – June
- Maintenance and Projects
 - Completed repairs to the Dana Point Harbor pier handrails
 - Completed quarterly inspection and repairs to the Commercial Core sidewalks
 - Continued transplanting Commercial Core plant material throughout the Harbor to preserve as much as possible before entering Phase 3.

Financial Summary

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

2025 to 2024 Commercial Core Comparison

Below is a condensed comparison of the YTD June 2025 vs. YTD June 2024 Commercial Core financial results. Net Operating Income decreased by 53% 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, parkscape maintenance, relocation of the management office and new Property Manager hire.

DPHP Commercial Core	Current YTD	Prior YTD	%
	06/30/25	06/30/24	Change
REVENUES			
Tenant Rent Income	1,856,657	2,260,795	-18%
Tenant Parking Income	256,975	262,271	-2%
Puerto Pl. Parking Income	40,239	19,864	103%
Reimbursable Expense Income	239,624	269,021	-11%
Other Income	8,110	2,249	n/a
TOTAL REVENUES	2,401,605	2,814,200	-15%
OPERATING EXPENSES			
Wages & Benefits	202,240	125,509	61%
Direct Expenses	1,080,580	745,031	45%
Administrative Expenses	269,834	264,847	2%
Property Tax	16,815	16,459	n/a
Insurance	66,188	177,283	-63%
County Rent	85,666	51,357	67%
TOTAL OPERATING EXPENSES	1,721,323	1,380,486	25%
NET OPERATING INCOME	680,282	1,433,714	-53%

Other variances:

County Rent decreased by 67% 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 15% reduction in revenue. Percentage rent still applies.

Hotels – 2Q 2025

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 occurred 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 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 04/28/25.
 - City Planning Commission certified the EIR and approved the CDP on 06/23/25.
 - An appeal of the Planning Commission's approval was received by the City on 07/07/25. City Council is scheduled for 08/12/2025.

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 8.0% and net operating income (NOI) was down 30.8% versus YTD 2024 through Q2.

DPHP Marina Inn	Current YTD 6/30/2025	Prior YTD 6/30/2024	% Change
REVENUES			
Rooms Revenue	1,779,877	1,945,429	-8.5%
Other Revenue	134,988	135,369	-0.3%
TOTAL REVENUES	1,914,865	2,080,798	-8.0%
OPERATING EXPENSES			
Rooms Expenses	508,920	510,939	-0.4%
Food Expenses	73,022	83,966	-13.0%
Administrative Expenses	613,226	629,046	-2.5%
Association Fees	45,810	43,660	4.9%
Management Fees	68,088	71,478	-4.7%
Insurance	67,305	66,301	1.5%
Property Tax	15,417	16,596	-7.1%
County Rent	125,682	112,984	11.2%
Equipment Leases	1,569	1,356	15.7%
FF&E Reserve	76,612	83,012	-7.7%
TOTAL OPERATING EXPENSES	1,595,651	1,619,338	-1.5%
NET OPERATING INCOME	319,214	461,460	-30.8%