

# 2025 QUARTER 4 REPORT

# DANA POINT HARBOR PARTNERS



## **Marina and Drystack**

### **Operations**

#### **Marina**

##### **Marina Improvement Project**

- Dock Phases 1-10 have been completed with certificates of occupancy issued by County of Orange Public Works for phases 1-10 on 3/28/24, 1/19/24, 1/19/24, 2/29/24, 5/28/24, 9/17/24, 3/31/25, 7/1/25, 12/30/2025 and 12/30/2025 respectively.
- Dock demolition for Phase 11 commenced on 1/16/26 with the Phase 11 expected to be delivered for occupancy in May 2026.
- On 1/12/26, DPHP received a Notice of Complete Application letter from the California Coastal Commission regarding the CDP Amendment Application. We are currently waiting to receive notification on which hearing we will be put on.
- The Fuel Dock Underground Storage Tank replacement is targeted to be complete and operational in March 2026.

##### **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%
- We have not seen an impact outside the normal attrition due to the rate increase.
- Vacancy is determined based on which slip sizes we need to keep vacant to accommodate relocations for future phases.

## **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. We plan to submit to Coastal Commission in the second quarter of 2026.
- 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 landside plans are being refined to incorporate feedback from the city with the objective of submitting them for Substantial Compliance in the second quarter of 2026. Concurrently, the Drystack waterside CDP application is in progress, with a target submission in second quarter of 2026.

## 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 December 2025 vs. December 2024 Marina results.

Year-to-date comparison indicates an 11% increase in revenue, 1% decrease in operating expenses, and a 21% increase in operating income. The Marina continues to benefit from increased sublease demand as boaters seek temporary access to slips during the redevelopment at sublease market rates. In September of 2024, we reversed the 2024 dredging accrual year-to-date resulting in Capital Expense & Property Tax to be flat year over year.

Total Office Rent is down year-over-year because 2024 contained a catch-up rent payment from Bellingham Marine who have since vacated. Also, West Coast Yachts vacated the premises in 2025.

DPHP Marina	Current YTD 12/31/2025	Prior YTD 12/31/2024	% Change
<b>REVENUES</b>			
Slip Rental Income	20,800,388	19,082,454	9%
Total Guest Fees	290,928	294,158	-1%
Total Office Rent	125,413	215,876	-42%
Sublease Income	2,711,612	2,109,579	29%
Broker & Charter Flat Fees	236,095	303,600	-22%
Direct Tenant Income	799,488	508,233	57%
Parking Income	229,101	230,506	-1%
Total Other Income	413,685	396,490	4%
<b>TOTAL REVENUES</b>	<b>25,606,711</b>	<b>23,140,896</b>	<b>11%</b>
<b>TOTAL OPERATING EXPENSES</b>			
Wages & Benefits	1,523,074	1,442,710	6%
Direct Expenses	3,247,581	3,806,016	-15%
Administrative Expenses	2,907,257	2,843,061	2%
Capital Expense & Property Tax	250,121	250,121	0%
County Rent	2,438,483	2,169,880	12%
<b>TOTAL OPERATING EXPENSES</b>	<b>10,366,516</b>	<b>10,511,788</b>	<b>-1%</b>
<b>NET OPERATING INCOME</b>	<b>15,240,195</b>	<b>12,629,108</b>	<b>21%</b>

## 2025 to 2024 Drystack Comparison

The following is a condensed comparison of December 2025 vs. December 2024 Drystack results. Wet Slip Rental revenue has been increasing and administrative and direct expenses have been reduced.

Year-to-date comparison indicates a 1% decrease in revenue, a 8% decrease in operating expenses, and a 9% increase in operating income. Despite the vacancy loss created by redevelopment efforts, the increase in net operating income is directly due to diligent management of the Drystack.

Other Income is mainly comprised of late fees.

<b>DPHP Drystack</b>	Current YTD 12/31/2025	Prior YTD 12/31/2024	% Change
<b>REVENUES</b>			
Boat Storage Income	864,960	857,561	1%
Wet Slip Rentals	45,663	33,768	35%
Launch Ramp Income	364,565	352,094	4%
Charter Slip Income	31,934	28,912	10%
Merchant Income	246,777	300,908	-18%
Total Other Income	8,421	12,606	-33%
<b>TOTAL REVENUES</b>	<b>1,562,319</b>	<b>1,585,849</b>	<b>-1%</b>
<b>TOTAL OPERATING EXPENSES</b>			
Wages & Benefits	414,016	456,529	-9%
Direct Expenses	114,761	131,190	-13%
Administrative Expenses	153,009	176,904	-14%
Capital Expense & Property Tax	5,400	5,400	0%
County Rent	209,049	203,517	3%
<b>TOTAL OPERATING EXPENSES</b>	<b>896,234</b>	<b>973,540</b>	<b>-8%</b>
<b>NET OPERATING INCOME</b>	<b>666,084</b>	<b>612,309</b>	<b>9%</b>

# Commercial Core and Parkscapes

## Operations and Revitalization

### Parking Structure

- Contract signed with LAZ Parking to manage the day-to-day operations of the parking structure.
- Parking Structure is open daily with attendants on duty to assist customers and employees.
  - The parking structure visitor traffic for 4<sup>th</sup> quarter 2025 was a total of 25,486 combined Catalina Express and transient visitors.
- Catalina Express, fishing and whale watching customers, exceeding the four-hour time limit on the wharf, required to park on the third floor.
- All Commercial Core wharf employees have been issued key cards for convenient access.
- The Marina is managing boater parking and boater services.
- Working with the City of Dana Point to gain approval to use the parking structure for local events.

### Balance of Commercial Core Project

- Phase 3 bidding complete.
- Estimated construction commencement for Phase 3 is February 2026.
- Working on Phase 4 bidding scope.
- Leasing discussions are underway with existing and prospective tenants for future Commercial Core.
- Deactivation of boater buildings 1 & 2 complete in preparation for demolition.
- Updated ground lease estoppel in process for delivery and review by County in January 2026.
- Finalizing details of commcore/marina construction loan agreement with selected lender for an early February 2026 closing.

### Operations

- Harbor Events
  - Certified Farmers Market – Wednesdays, weekly
  - Harbor After Dark, Live Music with Extended Retail Hours – October 3
  - Dogapalooza – October 25
  - Harbor After Dark, Live Music with Extended Retail Hours – November 7
  - Cars & Coffee On the Wharf – November 22
  - Dana Point Turkey Trot – November 27
  - Whale on the Wharf Scavenger Hunt – December 1-31
  - Harbor After Dark, Live Music with Extended Retail Hours – December 5
  - 50<sup>th</sup> Annual Boat Parade of Lights – December 12, 13, 14
  - Santa Paws with Pet Project Foundation – December 13-14
  - Little Folk Club – December 19
  - Holiday Makers Market – December 20
  - Cars & Coffee On the Wharf – December 27
- PR Top Stories
  - Bella Bazaar Tenant Feature
  - Locale – Fall in Love with Dana Point
  - Turkey Trot – Print & Broadcast
  - Holiday Lights & Programming– Print & Broadcast
  - Whale Watching & Holiday Travel
  - 50<sup>th</sup> Boat Parade of Lights– Print & Broadcast

- Maintenance and Projects
  - Maintenance contracts (sweeping, landscape, lighting, janitorial, power washing) modified to accommodate construction.
  - Quality of maintenance will not be affected by construction.
  - Additional lighting was installed along the boardwalk for optimum visibility.
  - Mosaics, lanterns, door hardware, signage and other misc. items placed in storage.
  - Courtyard clock and plaque dismantled and put in storage.
  - Commercial Core transplanting project complete. Salvaged all possible plants.
  - Relocated trash containers, bike racks, and benches within the Harbor.
  - Continue to replace sinks, toilets, toilet paper dispensers and soap dispensers as needed.
  - All tenants are in full compliance with County Risk Management

## 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 December 2025 vs. YTD December 2024 Commercial Core financial results. Net Operating Income decreased by 30% due to lower revenue resulting from tenant rent reductions during Golden Lantern construction closure, restaurant and retail suite vacancies, and increase in operating expenses due to shuttle program, signage, traffic control, building repairs and maintenance, relocation of the management office, new Property Manager hire, insurance premiums, and parking structure operating costs.

<b>DPHP Commercial Core</b>	Current YTD 12/31/2025	Prior YTD 12/31/2024	% Change
<b>REVENUES</b>			
Tenant Rent Income	4,019,713	4,859,747	-17%
Tenant/Parking Income	931,807	714,471	30%
Puerto Pl. Parking Income	157,318	124,586	26%
Reimbursable Expense Income	523,087	585,075	-11%
Other Income	17,936	3,349	n/a
<b>TOTAL REVENUES</b>	<b>5,649,861</b>	<b>6,287,228</b>	<b>-10%</b>
<b>OPERATING EXPENSES</b>			
Wages & Benefits	407,699	311,034	31%
Direct Expenses	2,097,825	1,983,993	6%
Administrative Expenses	546,727	547,427	0%
Property Tax	33,915	33,274	n/a
Insurance	224,302	195,038	15%
County Rent	233,882	213,949	9%
<b>TOTAL OPERATING EXPENSES</b>	<b>3,544,350</b>	<b>3,284,715</b>	<b>8%</b>
<b>NET OPERATING INCOME</b>	<b>2,105,511</b>	<b>3,002,513</b>	<b>-30%</b>

Other variances:

Parking revenue increased due to additional festival parking in the parking structure and Puerto parking lots in October of 2025. County rent increased by 9% due to parking structure revenue.

## Hotels – 4Q 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 from Supporters Alliance for Environmental Responsibility (SAFER) on 07/07/25. The appeal was withdrawn by SAFER on 8/4/2025. Therefore, a City Council hearing is not necessary. The City's Notice of Final Action (NOFA) was sent to CCC on 8/11/25.
  - On 8/25/25, CCC noticed the City that there was no appeal against the NOFA. The CDP is therefore final.

- Addressing approved on 12/03/25: 24700 & 24800 Dana Point Harbor Drive.
- Lot Line Adjustment approved and recorded on 12/22/25: APN: 682-022-01 & -05.
- Status of building permits:
  - Grading/Drainage Permit application submitted 8/18/25.
  - Demolition Permit application submitted on 8/21/25.
  - Off-site Utility Permit application submitted on 9/22/25.
  - On-site Utility Permit application submitted on 9/30/25.
  - Building Permit application for each hotel submitted on 12/15/25.

### 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 9.3% and net operating income (NOI) was down 16.3% versus YTD 2024 through Q4. The decline in hotel revenues is largely due to market softening in transient leisure travel affecting the retail segment, the hotel focused on driving Occupancy through OTA and Discount Channels resulting in a lower ADR. Another factor was due to the operations team turning booking availability off and on based on our perceived construction start date for the new hotels.

<b>DPHP Marina Inn</b>	Current YTD 12/31/2025	Prior YTD 12/31/2024	% Change
<b>REVENUES</b>			
Rooms Revenue	4,238,031	4,658,415	-9.0%
Other Revenue	290,629	335,777	-13.4%
<b>TOTAL REVENUES</b>	<b>4,528,660</b>	<b>4,994,192</b>	<b>-9.3%</b>
<b>OPERATING EXPENSES</b>			
Rooms Expenses	1,107,156	1,170,337	-5.4%
Food Expenses	179,266	190,042	-5.7%
Administrative Expenses	1,297,936	1,362,004	-4.7%
Association Fees	90,732	96,059	-5.5%
Management Fees	162,198	206,216	-21.3%
Insurance	88,388	133,825	-34.0%
Property Tax	39,543	30,507	29.6%
County Rent	288,157	298,442	-3.4%
Equipment Leases	3,320	3,069	8.2%
FF&E Reserve	181,011	199,586	-9.3%
<b>TOTAL OPERATING EXPENSES</b>	<b>3,437,707</b>	<b>3,690,087</b>	<b>-6.8%</b>
<b>NET OPERATING INCOME</b>	<b>1,090,953</b>	<b>1,304,105</b>	<b>-16.3%</b>