

2023 QUARTER 3 REPORT

DANA POINT HARBOR PARTNERS



Marina and Drystack

Operations

Marina

- Marina entitlements are complete with Coastal Commission
- Dock Phases 1-2 complete and occupied
- Docks completed for Phase 3 (East Cove 1-3) with TCO expected in November 2023
- Dock demolition and installation of Phase 4 (West 5-7 docks) commenced September 2023 with installation completion and occupancy expected in December 2023
- Motion for summary judgement in boaters lawsuit granted by judge in favor of DPHP and entered on June 29, 2023. An appeal hearing has been filed and scheduled in December 2023

Drystack

- Operations continue and are being managed to accommodate redevelopment work on premises
- Planning and entitlement efforts continue as DPHP looks to secure approvals with California Coastal Commission for revised layout. Not expected until 2025

Financials

Attached are the June 2023 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).

2023 to 2022 Marina Comparison

The following is a condensed comparison of September 2023 vs. September 2022 Marina results. Total revenue decreased 8% and net income decreased by 15% due to sizable slip count being out of service for renovations.

DPHP Marina	Current YTD 9/30/2023	Prior YTD 9/30/2022	% Change
REVENUES			
Slip Rental Income	13,654,569	15,021,163	-9%
Total Guest Fees	328,090	499,276	-34%
Total Office Rent	90,972	124,540	-27%
Sublease Income	1,071,458	806,749	33%
Broker & Charter Flat Fees	288,613	350,800	-18%
Direct Tenant Income	383,625	362,223	6%
Parking Income	169,804	207,199	-18%
Total Other Income	235,560	239,275	-2%
TOTAL REVENUES	16,222,692	17,611,225	-8%
TOTAL OPERATING EXPENSES			
Wages & Benefits	926,733	827,831	12%
Direct Expenses	2,527,720	2,438,465	4%
Administrative Expenses	2,044,053	2,020,582	1%
Capital Expense & Property Tax	831,091	820,372	1%
County Rent	1,572,660	1,680,847	-6%
TOTAL OPERATING EXPENSES	7,902,257	7,788,096	1%
NET OPERATING INCOME	8,320,435	9,823,129	-15%

2023 to 2022 Drystack Comparison

The following is a condensed comparison of September 2023 vs. September 2022 Drystack results. Total revenue has decreased by 14% with boat storage decreasing in preparation for revitalization. 2023 YTD operating expenses are less than 2022 expenses by 10% through the end of September.

DPHP Drystack	Current YTD 9/30/2023	Prior YTD 9/30/2022	% Change
REVENUES			
Boat Storage Income	714,427	802,965	-11%
Wet Slip Rentals	31,870	61,902	-49%
Launch Ramp Income	243,005	261,572	-7%
Charter Slip Income	21,684	21,684	0%
Merchant Income	210,485	273,869	-23%
Total Other Income	10,044	11,688	-14%
TOTAL REVENUES	1,231,516	1,433,681	-14%
TOTAL OPERATING EXPENSES			
Wages & Benefits	322,732	298,061	8%
Direct Expenses	104,977	177,291	-41%
Administrative Expenses	177,167	190,190	-7%
Capital Expense & Property Tax	4,394	4,825	-9%
County Rent	163,443	183,558	-11%
TOTAL OPERATING EXPENSES	772,713	853,925	-10%
NET OPERATING INCOME	458,802	579,755	-21%

Commercial Core and Parkscapes

Operations and Revitalization

Commercial Core Operations and Revitalization

- Pulled grading permits and bonds for the Parking Structure and associated sitework.
- See attached draft Exhibit for detail on permit issuance status for Buildings 1-12.
- Processing of agreements with local utilities for purposes of obtaining utility permits. Detailed update being provided to Matt Miller through DPHP Attorney Sean Matsler.
- Received stamped plans for Parking Structure.
- Parking Structure demo plans approved.

Financial Summary

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

2023 to 2022 Commercial Core Comparison

Below is a condensed comparison of the YTD September 2023 vs. YTD September 2022 Commercial Core results. Net operating income decreased by 24%. Net Operating Income decreased by 24% primarily due to lower revenue because of 1) two additional vacant restaurant suites, and 2) decreases in tourism and visitors to the Harbor resulting in lower tenant percentage rent and parking income.

DPHP Commercial Core	Current YTD	Prior YTD	%
	09/30/23	09/30/22	Change
REVENUES			
Tenant Rent Income	4,010,021	4,886,561	-18%
Tenant Parking Income	525,267	613,159	-14%
Puerto Pl. Parking Income	102,729	142,488	-28%
Reimbursable Expense Income	478,422	564,104	-15%
Other Income	5,937	6,970	-15%
TOTAL REVENUES	5,122,375	6,213,282	-18%
OPERATING EXPENSES			
Wages & Benefits	212,374	170,276	25%
Direct Expenses	1,084,840	1,124,826	-4%
Administrative Expenses	268,381	370,186	-28%
Property Tax	16,145	15,834	2%
Insurance	102,772	102,290	0%
County Rent	223,438	217,208	3%
TOTAL OPERATING EXPENSES	1,907,950	2,000,619	-5%
NET OPERATING INCOME	3,214,425	4,212,662	-24%

Hotels – 3Q 2023

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.
- Hotel Entitlement (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 on 11/30/2021. CCC released a status letter (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.
 - On October 31, 2023, the City informed us that CCC District Supervisor Eric Stevens and Coastal Program Analyst Shahar Amitay are no longer on our project or the LCPA. A District Supervisor replacement has been identified (but she has not reached out to us). An email and voicemail have been sent to the new District Supervisor. No replacement for the Coastal Program Analyst has been identified.

Financial Summary

Below are the YTD 2023 financials for Dana Point Harbor Partners – Hotel component. The Hotel component includes the Marina Inn operations. Revenues were down 14.8% and net operating income (NOI) was down 38.1% versus YTD 2022 through Q3. Rooms revenue was impacted by a decline in leisure travel in the market which suppressed room rates and occupancy. 2022 expenses include an Insurance Premium rebate of \$414,687. Reversing out the entry results in YOY NOI decline of 22.1% versus last year.

DPHP Marina Inn	Current YTD 9/30/2023	Prior YTD 9/30/2022	% Change
REVENUES			
Rooms Revenue	3,773,026	4,580,475	-17.6%
Other Revenue	151,980	26,698	469.3%
TOTAL REVENUES	3,925,006	4,607,173	-14.8%
OPERATING EXPENSES			
Rooms Expenses	827,472	872,783	-5.2%
Food Expenses	160,919	138,740	16.0%
Administrative Expenses	1,021,150	1,029,434	-0.8%
Association Fees	57,721	145,137	-60.2%
Management Fees	148,575	303,792	-51.1%
Insurance	94,532	(356,030)	-126.6%
Property Tax	36,818	28,305	30.1%
County Rent	169,767	256,585	-33.8%
Equipment Leases	2,210	2,607	-15.2%
FF&E Reserve	152,411	162,479	-6.2%
TOTAL OPERATING EXPENSES	2,671,575	2,583,832	3.4%
NET OPERATING INCOME	1,253,431	2,023,341	-38.1%