

2022 QUARTER 2 QUARTERLY REPORT

(Revised August 9, 2022)

DANA POINT HARBOR PARTNERS



Marina and Drystack - 2Q 2022

Operations and Revitalization Summary

Marina

- Marina entitlements complete with Coastal Commission
- Demolition permit received from County of Orange with demo to commence August 4, 2022
- Building permit in process with County with expectation by end of July 2022
- Marina component has substantially complied with County lease requirements prior to commencement and is pending execution of County addendum to General Contractor agreement
- DPHP continues defending against DPBA lawsuit
- DPHP and County jointly pursuing dredging plan with Army Corps of Engineers in conjunction with breakwater study
- Financing closing still in process

Drystack

- Substantial Conformance with CDP application submitted to the City of Dana Point
- Plan check commenced with City of Dana Point
- Partial comments received from City in February 2022 = once complete a DPHP response to be delivered to the City in August 2022

Financial Summary

Below are the June 2022 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).

2022 to 2021 Marina Comparison

The following is a condensed comparison of June 2022 vs. June 2021 Marina results. Revenue grew 26% and net income grew by 45%. Sublease and Parking income continue to grow, and 2022 Slip Rental Income increased due to the rate adjustment in October 2021.

DPHP Marina	Current YTD 6/30/2022	Prior YTD 6/30/2021	% Change
REVENUES			
Slip Rental Income	10,114,294	7,873,688	28%
Total Guest Fees	304,387	329,756	-8%
Total Office rent	83,027	83,027	0%
Sublease Income	499,185	326,966	53%
Broker & Charter Flat Fees	234,400	244,800	-4%
Direct Tenant Income	213,323	214,352	0%
Parking Income	126,807	115,221	10%
Total Other Income	159,219	143,835	11%
TOTAL REVENUES	11,734,642	9,331,646	26%
TOTAL OPERATING EXPENSES			
Wages & Benefits	530,773	528,052	1%
Direct Expenses	1,404,423	1,509,493	-7%
Administrative Expenses	1,458,495	1,278,949	14%
Capital Expense & Property Tax	545,386	547,138	0%
County Rent	1,112,460	872,606	27%
TOTAL OPERATING EXPENSES	5,051,537	4,736,237	7%
NET OPERATING INCOME	6,683,105	4,595,409	45%

2022 to 2021 Drystack Comparison

The following is a condensed comparison of June 2022 vs. June 2021 Drystack results. Revenue has decreased by 11% with boat storage decreasing in preparation for revitalization. 2022 YTD direct expenses increased from YTD 2021 due to \$79k in parking lot repairs and tree removal costs in March 2022. Net Income decreased by 29% over prior year.

DPHP Drystack	Current YTD	Prior YTD	
	6/30/2022	6/30/2021	% Change
REVENUES			
Boat Storage Income	536,983	599,948	-10%
Wet Slip Rentals	43,952	54,983	-20%
Launch Ramp Income	123,611	151,920	-19%
Charter Slip Income	14,456	12,156	19%
Merchant Income	126,627	130,520	-3%
Total Other Income	7,969	10,643	-25%
TOTAL REVENUES	853,599	960,170	-11%
TOTAL OPERATING EXPENSES			
Wages & Benefits	179,869	192,735	-7%
Direct Expenses	139,663	89,610	56%
Administrative Expenses	120,747	128,053	-6%
Capital Expense & Property Tax	3,217	3,131	3%
County Rent	119,451	134,808	-11%
TOTAL OPERATING EXPENSES	562,947	548,337	3%
NET OPERATING INCOME	290,651	411,833	-29%

Commercial Core – 2Q 2022

Operations and Revitalization Summary

Commercial Core

- Finalizing third Substantial Conformance to CDP with the City, and estimating approval late July/early August
- The following permit drawings were submitted to the County's building department in mid-July. These permit drawings will require the City's approval of the third Substantial Conformance to CDP for the County to clear the building permits:
 - Parking structure and associated sitework
 - Buildings 6-12
 - Buildings 2, 3, 4, and 5b
- Next meeting to review wet utility permits/agreements with SCWD scheduled for first week of August
- Dana Point Yacht Club exercised ten (10) year option, lease expires 12/31/32
- Dana Wharf Sportfishing exercised ten (10) year option, lease expires 10/31/32
- Waterman's negotiated an early termination of their lease effective June 30th. They ceased operation on May 31st.

Tenant Comparative Sales Analysis									
As of June, 2022									
Area	Year	Jan	Feb	Mar	Apr	May	Jun	Total	\$PSF
Total Property									
110,418	2018	3,537,159	3,592,421	4,401,378	4,389,345	4,617,310	5,458,518	25,996,131	235.43
117,052	2019	3,471,017	3,284,568	4,796,617	4,485,115	5,006,701	5,285,334	26,329,352	224.94
117,741	2020	3,833,481	4,341,814	2,379,241	855,149	2,305,828	4,362,305	18,077,818	153.54
117,741	2021	3,059,993	3,319,767	4,720,066	5,364,023	6,078,712	6,829,212	29,371,773	249.46
110,852	2022	4,293,039	4,970,187	6,172,717	5,986,644	6,041,574	6,383,546	33,847,707	305.34
									15.24% Variance
June tenant sales down 6.53% compared to June 2021, mostly due to loss of Waterman's Harbor sales for June.									

Parkscapes

- Commenced repairs to the fishing pier decking, pile caps, railings, and broken hardware.

Financial Summary

Below are the YTD 2022 financials for the Dana Point Harbor Partners - Commercial Core component. The Commercial Core Component includes retail shops, restaurants, whale watching, Catalina Express, office spaces, and yacht clubs.

2022 to 2021 Commercial Core Comparison

The following is a condensed comparison of the June 2022 vs. June 2021 Commercial Core results. Revenue grew 26%, and net income grew by 32% compared to YTD June 2021. This is largely due to Covid restrictions being lifted. Operating expenses increased from 2021 due to increase in insurance premiums, major sewer line repairs, and increase in vendor contracts as a result of the 2022 minimum wage increase. There were 7 rent payments paid in the first half of 2021 vs. 6 rent payments in the first half of 2022. Reversing out the extra rent payment of \$20,833 in 2021 results in an increase of 6% rent paid for YTD 2022.

DPHP Commercial Core	Current YTD	Prior YTD	%
	06/30/2022	06/30/2021	Change
REVENUES			
Tenant Rent Income	3,028,304	2,413,585	25%
Tenant Parking Income	329,384	164,089	101%
Puerto Pl. Parking Income	46,399	63,638	-27%
Reimbursable Expense Income	357,651	348,574	3%
Other Income	5,381	5,538	-3%
TOTAL REVENUES	3,767,119	2,995,424	26%
OPERATING EXPENSES			
Wages & Benefits	114,837	121,243	-5%
Direct Expenses	783,620	651,658	20%
Administrative Expenses	220,972	213,848	3%
Property Tax	15,834	15,676	1%
Insurance	102,290	34,484	197%
County Rent	138,320	150,748	-8%
TOTAL OPERATING EXPENSES	1,375,871	1,187,657	16%
NET OPERATING INCOME	2,391,248	1,807,767	32%

Hotels – 2Q 2022

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.
 - City withdrew the CCC LCPA application on 12/15/2021 and will resubmit.
 - CCC LCPA hearing is anticipated during Q4 2022.

Financial Summary

Below are the YTD 2022 financials for Dana Point Harbor Partners – Hotel component. The Hotel component includes the Marina Inn operations. Revenues were up 24.6% and net operating income (NOI) was up 46.1% versus YTD 2021 through June, but there is a one-time expense correction not related to operations for an Insurance Premium rebate of \$414,687. Reversing out the entry results in NOI of \$655,464 a 10.4% decrease versus last year due to end of rent abatement and reinstating FF&E reserve contributions that were suspended during the pandemic.

DPHP Marina Inn	Current YTD 6/30/2022	Prior YTD 6/30/2021	% Change
REVENUES			
Rooms Revenue	2,555,573	2,051,918	24.5%
Other Revenue	17,700	12,846	37.8%
TOTAL REVENUES	2,573,273	2,064,764	24.6%
OPERATING EXPENSES			
Rooms Expenses	529,417	404,717	30.8%
Food Expenses	85,225	47,095	81.0%
Administrative Expenses	631,349	521,570	21.0%
Association Fees	182,274	162,862	11.9%
Management Fees	216,226	99,272	117.8%
Insurance	(380,228)	27,105	-1502.8%
Property Tax	18,870	18,870	0.0%
County Rent	137,153	35,079	291.0%
Equipment Leases	1,713	2,587	-33.8%
FF&E Reserve	81,123	13,352	507.6%
TOTAL OPERATING EXPENSES	1,503,122	1,332,509	12.8%
NET OPERATING INCOME			
	1,070,151	732,255	46.1%