

DANA POINT HARBOR PARTNERS, LLC (“DPHP”)

Financing Plan

The managing members of DPHP have collectively financed several billion dollars of new, ground-up construction, existing assets and marina properties. Past capitalizations have included straight debt with principals self-funding all required equity, equity funding through partnering with private high net worth individuals, institutional investors, small regional banks and large-scale international institutions. The experience and expertise of the managing members of DPHP also covers the spectrum of uses and types of real estate being redeveloped within the Dana Point Harbor Redevelopment (“the Project”).

The anticipated total required capital for the Dana Point Harbor Redevelopment will be approximately \$319,000,000. The capital stack will include an industry typical loan-to-value ratio likely ranging from 60% to 75%. This leaves approximately \$79,750,000 to \$127,600,000 of required equity for the Project. The debt portion of the Project will range from \$191,400,000 to \$239,250,000 in required loan(s). DPHP has used a 60% debt overall leverage ratio for our permanent financing.

Sources of Funds - Overall Project		
Debt	\$193,701,671	60.8%
Equity	125,129,041	39.2%
Total Sources of Funds	318,830,712	
Uses of Funds		
Pre-Development Costs	\$1,470,600	
Direct Construction		
<i>Construction Costs</i>	267,053,544	
<i>FF&E</i>	10,665,155	
Total Direct Construction	\$277,718,699	
Indirect Construction		
<i>A&E/Professional</i>	10,096,989	
<i>Permits & Fees</i>	4,423,659	
<i>Pre-Opening</i>	4,637,955	
<i>Contingency</i>	5,831,366	
Total Indirect Construction	\$24,989,968	
Financing Costs	\$14,651,445	
Total Uses of Funds	\$318,830,712	

Equity sources include an established network of private capital consisting of accredited high net worth investors, high net worth family offices, and if needed, strategic institutional capital. The managing members of DPHP have tremendous track records utilizing private high net worth capital of which many of the potential investors and family offices are Orange County residents and will have a personal vested interest in the success of the Project. We have initiated discussions with a small group of select private individuals and family offices that will likely participate in our offering. The final ownership structure is anticipated to consist of Class A Members (DPHP) and Class B Members (all other outside equity investors, if any). Class A Members will contribute approximately 10%-50% of the required equity and Class B Members will contribute approximately 50%-90% of the required equity. DPHP's ability to self fund a substantial amount of the required equity (if not all), which, along with our personal real estate holdings, gives our team added credibility with both equity and debt sources. DPHP will be fronting all required capital initially without outside investors until each component of the Project is ready for issuance of building permits. This takes away significant amount of risk for the County and the investors, and allows DPHP control of all facets of the development prior to bringing in investors. The equity will be raised leading up to the issuance of the first building permit and will be committed from the beginning. DPHP expects that actual investment capital will be called from the investors in phases as the Project phases and components commence construction. This structure provides for maximum capital efficiencies and flexibility given that this is a multi-phased project encompassing several years.

Debt for the Project will come from established, institutional lenders, and may include such lenders as Bank of America, Wells Fargo Bank or JP Morgan. As a single ownership entity, DPHP is structured to allow DPHP to cross collateralize and underwrite the revenue for the entire Project as one, providing the necessary security required by lenders to fund the Project. Given that each of the components of the Project are very different business lines and types of real estate, there is a likelihood that the Project may require multiple lenders that specialize or have established track records in hotel, retail and marina financing, both construction and permanent. DPHP has an established track record of successfully obtaining construction and permanent loans for each component of the Project. DPHP has deep relationships with a few select institutional lenders that are capable of and have expressed interest in, funding the entire project, select components, or taking the lead in a syndicated debt offering. As the debt markets are dynamic and change with market conditions, DPHP is not able to represent exact loan pricing at this time. The following table below summarizes the key financing assumptions used in our underwriting of the Project. DPHP anticipates that the maximum loan-to-value ratio on the Project will not exceed 75%. DPHP will submit proposed loan term sheets to the County for review prior to finalization. Any loan-to-value ratio in excess of 75% will require County approval.

	<u>Construction Loan</u>	<u>Permanent Loan</u>
Dana Point Harbor Partners, LLC		
Exhibit G - Financing Plan		
Key Assumptions Table		
Retail Component		
<i>Loan-to-Value Ratio %</i>	65%	65%
<i>Points</i>	1.0%	0.0%
<i>Interest Rate</i>	<i>Libor + 300 bps</i>	6.0%
<i>Term</i>	7 Years	25 Years
<i>Amortization Period</i>	<i>Interest only</i>	30 Years
Hotel Component - Affordable Hotel		
<i>Loan-to-Value Ratio %</i>	65%	65%
<i>Points</i>	1.0%	0.0%
<i>Interest Rate</i>	<i>Libor + 300 bps</i>	<i>Libor + 300 bps</i>
<i>Term</i>	4 Years	25 Years
<i>Amortization Period</i>	<i>Interest only</i>	30 Years
Hotel Component - Boutique Hotel		
<i>Loan-to-Value Ratio %</i>	36%	65%
<i>Points</i>	1.0%	0.3%
<i>Interest Rate</i>	<i>Libor + 300 bps</i>	<i>Libor + 300 bps</i>
<i>Term</i>	4 Years	25 Years
<i>Amortization Period</i>	<i>Interest only</i>	30 Years
Marina Component		
<i>Loan-to-Value Ratio %</i>	60%	60%
<i>Points</i>	1.0%	0.0%
<i>Interest Rate</i>	<i>Libor + 300 bps</i>	6.0%
<i>Term</i>	9 Years	25 Years
<i>Amortization Period</i>	<i>Interest only</i>	30 Years