

8.2 Budgets

EXHIBIT D

DANA POINT HARBOR PARTNERS, LLC (“DPHP”)

Project Budget

The anticipated total development budget (“Budget”) for the Dana Point Harbor Redevelopment will be approximately \$319,000,000. The Project Budget is comprised of the following components and budgets: Marina \$109,000,000, Commercial Core/Retail \$91,000,000, Affordable Hotel \$28,000,000 and Boutique Hotel \$91,000,000.

PROJECT	
Project Budget	TOTAL
Pre-Development Costs	\$1,470,600
Financing/Legal Fees	14,651,445
Consulting Costs	10,096,989
Fees/Permits	4,423,659
Construction Costs	267,053,544
FF&E	10,665,155
Pre-Opening Costs	4,637,955
Contingency	5,831,366
Total Cost	\$318,830,712

Budget by Component	Marina	Commercial Core/Retail	Affordable Hotel	Boutique Hotel
Pre-Development Costs	\$301,717	\$850,383	\$67,500	\$251,000
Financing/Legal Fees	4,575,423	5,431,277	1,552,974	3,091,771
Consulting Costs	2,178,773	1,258,037	1,885,419	4,774,760
Fees/Permits	1,514,594	599,065	1,050,000	1,260,000
Construction Costs	96,896,739	81,513,018	18,982,363	69,661,424
FF&E	0	0	3,470,450	7,194,705
Pre-Opening Costs	1,307,264	1,038,691	437,000	1,855,000
Contingency	2,164,140	352,751	776,384	2,538,090
Total Cost	\$108,938,650	\$91,043,222	\$28,222,091	\$90,626,750

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Overall Project Sources and Uses of Funds

DPHP plans to utilize both debt and equity to fund the development of the Project. The capital stack will include an industry typical debt to equity ratio likely ranging from 60% to 75%. Approximately \$79,750,000 to \$127,600,000 of equity will be required 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 an approximate overall 60% debt leverage ratio for the Project’s financing. DPHP believes this is a reasonable and conservative leverage ratio of a project this size and diverse.

<u>Sources of Funds</u>		
Debt	\$193,701,671	60.8%
Equity	125,129,041	39.2%
Total Sources of Funds	318,830,712	
<u>Uses of Funds</u>		
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	

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Pre-Development Sources and Uses of Funds

The predevelopment capital for the Project of approximately \$3,471,000, comprising planning, consultants, attorneys, permit applications, deposits, fees and permits shall be born entirely by equity funded by DPHP. Outside equity investment and debt is not anticipated to be required until building permits for the initial phase of construction have been issued.

<u>Sources of Funds</u>	
Debt	\$0
Equity	3,470,600
Total Sources of Funds	3,470,600
<u>Uses of Funds</u>	
Pre-Development Costs	\$1,470,600
Indirects	
<i>A&E/Professional</i>	<i>1,500,000</i>
<i>Permits & Fees</i>	<i>500,000</i>
Total Indirects	\$2,000,000
Financing Costs	0
Total Uses of Funds	\$3,470,600

Development Phase Sources and Uses of Funds

The development capital for the Project of approximately \$315,000,000 encompassing direct construction costs, indirect costs, pre-opening, furniture, fixtures & equipment, architecture, engineering, financing costs, insurance, etc. will be funded by a mixture of both debt and equity sources. DPHP anticipates using its own equity as well as potential outside equity that will be raised leading up to the issuance of the first building permit and will be committed from the beginning of the Project. 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. Additionally, DPHP expects to use construction loans to finance the components during this phase using institutional

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lenders with which DPHP has relationships. Further discussion of this can be found in Exhibit G – Financing Plan.

Sources of Funds	
Debt	\$193,701,671
Equity	121,658,441
Total Sources of Funds	\$315,360,112
Uses of Funds	
Pre-Development Costs	\$0
Direct Construction	
<i>Construction Costs</i>	<i>267,053,544</i>
<i>FF&E</i>	<i>10,665,155</i>
Total Direct Construction	\$277,718,699
Indirect Construction	
<i>A&E/Professional</i>	<i>8,596,989</i>
<i>Permits & Fees</i>	<i>3,923,659</i>
<i>Pre-Opening</i>	<i>4,637,955</i>
<i>Contingency</i>	<i>5,831,366</i>
Total Indirect Construction	\$22,989,968
Financing Costs	\$14,651,445
Total Uses of Funds	\$315,360,112