Condensed Consolidated Financial Statements

Horizon Group Properties, Inc.

For the three months ended March 31, 2024 and 2023

Horizon Group Properties, Inc.

Condensed Consolidated Financial Statements

(Unaudited)

Contents

HORIZON GROUP PROPERTIES, INC.

Condensed Consolidated Balance Sheets

(unaudited)

	March 31, 2024	December 31, 2023
	(In thousands)	
ASSETS		
Real estate		
Land	$ 565	$ 565
Buildings and improvements	3,172	3,172
Less accumulated depreciation	(1,326)	(1,284)
	2,411	2,453
Construction in progress	3	3
Land held for investment	24,254	24,241
Total net real estate	26,668	26,697
Investment in and advances to joint ventures	22,355	18,293
Investment in and advances to joint ventures, at fair value	51,415	51,415
Cash and cash equivalents	2,181	6,776
Restricted cash	4,277	643
Tenant and other accounts receivable, net	381	383
Deferred costs, (net of accumulated amortization of $93 and $86, respectively)	84	91
Other assets	19,250	1,054
Total assets	$ 126,611	$ 105,352
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Mortgage and other debt (net of unamortized debt issuance costs of $138 and $26, respectively)	$ 22,632	$ 1,966
Accounts payable and other accrued expenses	10,115	10,050
Prepaid rents and other tenant liabilities	153	139
Total liabilities	32,900	12,155
Commitments and contingencies		
Stockholders' equity:		
Common stock ($.01 par value, 50,000 shares authorized, 9,799 and 8,742 shares issued and outstanding, respectively)	98	98
Preferred stock ($.01 par value, 50,000 shares authorized, 2 and 0 shares issued and outstanding, respectively)	-	-
Additional paid-in capital	114,100	114,100
Accumulated deficit	(38,183)	(38,626)
Total stockholders' equity attributable to the controlling interest	76,015	75,572
Noncontrolling interests in consolidated subsidiaries	17,696	17,625
Total stockholders' equity	93,711	93,197
Total liabilities and stockholders' equity	$ 126,611	$ 105,352

See accompanying notes to condensed consolidated financial statements.

HORIZON GROUP PROPERTIES, INC.

Condensed Consolidated Statements of Operations

(unaudited)

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
	(In thousands)	
REVENUE		
Base rent	$ 142	$ 128
Expense recoveries	38	32
Management, development, and leasing fees	1,300	808
Other	217	97
Total revenue	1,697	1,065
EXPENSES		
Property operating	217	178
Real estate taxes	23	23
Other operating	9	8
Depreciation and amortization	49	45
General and administrative	1,504	1,391
Interest	201	35
Total expenses	2,003	1,680
OTHER INCOME AND EXPENSE		
Income from investment in joint ventures	1,560	886
Total other income and expense	1,560	886
Consolidated net income	1,256	271
Less net loss (income) attributable to the noncontrolling interests	(128)	27
Net income attributable to the Company	$ 1,128	$ 298

See accompanying notes to condensed consolidated financial statements.

HORIZON GROUP PROPERTIES, INC.
Condensed Consolidated Statements of Stockholders' Equity
(In thousands)

	Common and Preferred Stock	Additional Paid-In Capital	Accumulated Deficit	Total Stockholders' Equity Attributable to the Controlling Interest	Noncontrolling Interests in Consolidated Subsidiaries	Total Stockholders' Equity
Balance, January 1, 2024	$ 98	$ 114,100	$ (38,626)	$ 75,572	$ 17,625	$ 93,197
Net income	-	-	1,128	1,128	128	1,256
Contribution	-	-	-	-	-	-
Dividends	-	-	(685)	(685)	-	(685)
Contributions from noncontrolling interests	-	-	-	-	-	-
Distributions to noncontrolling interests	-	-	-	-	(57)	(57)
Balance, March 31, 2024	$ 98	$ 114,100	$ (38,183)	$ 76,015	$ 17,696	$ 93,711

	Common and Preferred Stock	Additional Paid-In Capital	Accumulated Deficit	Total Stockholders' Equity Attributable to the Controlling Interest	Noncontrolling Interests in Consolidated Subsidiaries	Total Stockholders' Equity
Balance, January 1, 2023	$ 98	$ 113,043	$ (40,555)	$ 72,586	$ 17,094	$ 89,680
Net income	-	-	298	298	(27)	271
Dividends	-	-	(485)	(485)	-	(485)
Distributions to noncontrolling interests	-	-	-	-	(21)	(21)
Balance, March 31, 2023	$ 98	$ 113,043	$ (40,742)	$ 72,399	$ 17,046	$ 89,445

See accompanying notes to condensed consolidated financial statements.

HORIZON GROUP PROPERTIES, INC.

Condensed Consolidated Statements of Cash Flows

(unaudited)

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Cash flows provided by operating activities:	*(In thousands)*	
Net income	$ 1,256	$ 271
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Operating distributions from joint ventures	959	378
Income from investment in joint ventures	(1,560)	(886)
Depreciation	42	39
Amortization	7	6
Interest expense from deferred finance costs	15	15
Changes in assets and liabilities:		
Tenant and other accounts receivable, net	2	393
Deferred costs, net, and other assets	(83)	240
Accounts payable and other accrued expenses	100	(119)
Prepaid rents and other tenant liabilities	14	2
Net cash provided by operating activities	752	339
Cash flows provided by (used in) investing activities:		
Investment in future developments	(126)	-
Distributions from joint ventures, return of capital	350	875
Contributions to joint ventures	(3,811)	-
Issuances of notes receivable	(18,114)	-
Expenditures for real estate	(13)	(46)
Net cash provided by (used in) investing activities	(21,714)	829
Cash flows provided by (used in) financing activities:		
Distributions to noncontrolling interests	(57)	(21)
Contribution	-	-
Dividends	(720)	(1,482)
Net proceeds from borrowing	21,868	-
Principal payments on mortgages and other debt	(1,090)	(99)
Net cash provided by (used in) financing activities	20,001	(1,602)
Net decrease in cash, cash equivalents, and restricted cash	(961)	(434)
Cash, cash equivalents, and restricted cash:		
Beginning of year	7,419	6,371
End of year	$ 6,458	$ 5,937

See accompanying notes to condensed consolidated financial statements.

HORIZON GROUP PROPERTIES, INC.

Consolidated Statements of Cash Flows, continued

(unaudited)

	Three Months Ended March 31, 2024		Three Months Ended March 31, 2023	
	(In thousands)			
Reconciliation from consolidated statements of cash flows to consolidated balance sheets:				
Cash and cash equivalents	$	2,181	$	5,763
Restricted cash		4,277		174
Cash, cash equivalents, and restricted cash, End of year	$	6,458	$	5,937
Supplemental information:				
Noncash activity related to accrued dividends payable to shareholder:	$	-	$	997

See accompanying notes to condensed consolidated financial statements.

Note 1 – Organization and Basis of Presentation

Horizon Group Properties, Inc. ("HGPI" or, together with its subsidiaries "HGP" or the "Company") is a Maryland corporation that was established on June 15, 1998. The operations of the Company are conducted primarily through a subsidiary limited partnership, Horizon Group Properties, L.P. ("HGP LP") of which HGPI is the sole general partner. As of March 31, 2024 and December 31, 2023, HGPI owned approximately 87% of the partnership interests (the "Common Units") of HGP LP. In general, Common Units are exchangeable for shares of Common Stock on a one-for-one basis (or for an equivalent cash amount at HGPI's election).

The accompanying unaudited condensed consolidated financial statements include the accounts of all majority-owned subsidiaries, and all significant inter-company amounts have been eliminated. Due to the seasonal nature of certain operational activities, among other factors, the results for the interim period ended March 31, 2024, are not necessarily indicative of the results that may be obtained for the full fiscal year.

These condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP") and include selected information and disclosures for the interim periods. Accordingly, they do not include all of the disclosures required by GAAP for complete financial statements. These condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and related notes for the year ended December 31, 2023.

The Company's primary assets are its investments in subsidiary entities that own real estate. HGPI consolidates the results of operations and the balance sheets of those entities of which the Company owns the majority interest and of those variable interest entities of which the Company is the primary beneficiary. The Company accounts for its investments in entities which do not meet these criteria using the equity or cost method. The entities referred to herein are consolidated subsidiaries of the Company, unless they are discussed in Note 4; those entities are accounted for using the equity method of accounting.

Note 2 - Summary of Significant Accounting Policies

The condensed consolidated financial statements have been prepared in conformity with GAAP, which require management to make estimates and assumptions that affect the reported amounts of assets and liabilities (including disclosure of contingent assets and liabilities) at the date of the condensed consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

In the opinion of management, all adjustments necessary for a fair statement of the financial position and results of operations for the interim periods presented have been included in these condensed consolidated financial statements and are of a normal and recurring nature.

Principles of Consolidation

The condensed consolidated financial statements include the accounts of HGPI and all subsidiaries that HGPI controls, including HGP LP. The Company considers itself to control an entity if it is the majority owner of or has voting control over such entity. All significant intercompany balances and transactions have been eliminated in consolidation.

Pre-Development Costs

The pre-development stage of a project involves certain costs to ascertain the viability of a potential project and to secure the necessary land. Direct costs to acquire the assets are capitalized as future development costs once the acquisition becomes probable. These costs are carried in Other Assets until conditions are met that indicate that development is forthcoming, at which point the costs are reclassified to Construction in Progress. In the event a development is no longer deemed probable and costs are deemed to be non-recoverable, the applicable costs previously capitalized are expensed when the project is abandoned or these costs are determined to be non-recoverable.

At March 31, 2024 and December 31, 2023, predevelopment costs classified as Other Assets included projects totaling $0 and $126,000, respectively.

Revenue Recognition

Revenue from Leasing Arrangements

The Company's revenues primarily result from revenue from leasing arrangements. Leases with tenants are accounted for as operating leases. Lease revenues included minimum rent, percentage rent, other rents and reimbursements form tenants for real estate taxes, insurance, CAM and other operating expenses as provided in these lease agreements. Minimum annual rentals are recognized on a straight-line basis over the terms of the respective leases. Rents that represent basic occupancy costs, including fixed amounts and amounts computed as a function of sales, are classified as base rent. Amounts which may become payable in addition to base rent and which are computed as a function of sales in excess of certain thresholds are classified as percentage rents and are accrued after the reported tenant sales exceed the applicable thresholds. Expense recoveries based on common area maintenance expenses and certain other expenses are accrued in the period in which the related expense is incurred.

Management, Development and Leasing Fees

The company earns revenue from contracts with third parties and unconsolidated affiliates for property management, leasing, development and other services. These contracts are accounted for on a month-to-month basis. Management fees are charged as a percentage of revenues and recognized as revenue over time as services are provided. Leasing fees are charged for newly executed leases and lease renewals and are recognized as revenue upon lease execution, when the performance obligation is completed. Development fees are set as a fixed rate in a separate agreement.

Development and leasing fees received from an unconsolidated affiliate are recognized as revenue only to the extent of the third-party partner's ownership interest. The Company's share of such fees are recorded as a reduction to the Company's investment in the unconsolidated affiliate. Fees received from consolidated joint ventures are eliminated in consolidation.

Income Taxes

Deferred income taxes are recorded based on enacted statutory rates to reflect the tax consequences in future years of the differences between the tax bases of assets and liabilities and their financial reporting amounts. Deferred tax assets, such as net operating loss carryforwards which will generate future tax benefits, are recognized to the extent that realization of such benefits through future taxable earnings or alternative tax strategies in the foreseeable future is more likely than not.

As of March 31, 2024 and December 31, 2023, and for the periods then ended, the Company did not have a net liability for any unrecognized tax benefits. The Company recognizes interest and penalties, if any, related to unrecognized tax benefits as interest or general and administrative expense in the statement of operations. For the periods ended March 31, 2024 and 2023, the Company did not incur any interest or penalties.

Investments in Joint Ventures

The Company uses the equity method of accounting for its investments in Joint Ventures, as the Company is able to significantly influence the operations of the underlying investment, but does not control the underlying investment. The investments are recorded at initial cost and adjusted for the Company's proportionate share of income or loss. Contributions and distributions are treated as additions or reductions of the investments' cost basis.

The Company elected the fair value option for its investment in Horizon Atlanta and Horizon Louisville. Due to the nature of these investments, the Company elected the fair value option to more accurately present the Company's portion of the value and changes thereof in the underlying investments. Changes in the fair value of the joint ventures are recorded as a component of income from investment in joint ventures on the consolidated statement of operations.

Distributions are reported in cash flows from operations unless the facts and circumstances of a specific distribution clearly indicate that it is a return of capital, which would then be presented as cash flows from investing activities.

Subsequent Events

The Company has evaluated subsequent events through July 8, 2024, the date the condensed consolidated financial statements were available to be issued.

Note 3 - Investment in Real Estate

The following table contains information on the operating properties, restaurants, and land held for investment owned by the Company and for which the Company consolidates the results of operations and the assets and liabilities as of March 31, 2024.

Property Name	Location	Property Type	Gross Leasable Area (Sq. Ft.)	Net Carrying Value (in thousands)	Ownership Percentage
Village Green Center	Huntley, IL	Retail	22,204	2,406	100.0%
Corporate Office	Chicago, IL	Various	N/A	5	100.0%
	Total		22,204	$2,411	
			Acres		
Land held for Investment	Fruitport, MI	Land	6	$ 156	100.0%
Laredo Phase II Land	Laredo, TX	Land	2	900	60.8%
Ridgewalk Land	Woodstock, GA	Land	81	6,249	100.0%
Land Held for Investment	Huntley, IL	Land	327	16,949	100.0%
	Total		416	$ 24,254	

The portion of the net income or loss of HGPI's subsidiaries owned by parties other than HGPI is reported as Net Income or Loss Attributable to the Noncontrolling Interests on the Company's condensed consolidated statements of operations and such parties' portion of the net equity in such subsidiaries is reported on the Company's condensed consolidated balance sheets as Noncontrolling Interests in Consolidated Subsidiaries.

Note 4 - Investment in Joint Ventures

The following table contains information and the effective ownership percentage attributable to the Company for the joint venture outlet centers in operation or development as of March 31, 2024. In addition, the joint ventures own out parcels and other land for development.

Property Name	Location	Property Type	Leasable Area (Sq. Ft.)	Ownership Percentage
The Outlet Shoppes at El Paso	El Paso, TX	Outlet Retail	433,045	49.41%
The Outlet Shoppes at Gettysburg	Gettysburg, PA	Outlet Retail	249,937	48.90%
The Outlet Shoppes at Atlanta	Woodstock, GA	Outlet Retail	405,146	48.52%
The Outlet Shoppes of the Bluegrass	Louisville, KY	Outlet Retail	428,060	47.79%
The Outlet Shoppes at Laredo	Laredo, TX	Outlet Retail	357,866	33.29%
Lincoln City Outlets	Lincoln City, OR	Outlet Retail	255,608	12.00%
Outlets at the Dells	Baraboo, WI	Outlet Retail	269,315	10.75%
Total			2,398,977	

El Paso Entities

During 2012, the Company sold a portion of its interest in El Paso Outlet Holdings, LLC ("El Paso Holding") to an affiliate of CBL & Associates Properties, Inc. ("CBL") for the outlet shopping mall in El Paso, Texas. El Paso Holding owns an entity that owns the outlet shopping center in El Paso, TX ("the El Paso Center"). During 2014, additional retail space owned by El Paso Outlet Center II Expansion, LLC, was developed at the El Paso Center. El Paso Outlet Center II Expansion is 100% owned by El Paso Outlet Center II, LLC ("El Paso II"). At March 31, 2024 and December 31, 2023, El Paso Holding was owned 50% by CBL, 25% by Horizon El Paso, LLC ("Horizon El Paso"), 25% by the Company.

On September 10, 2018, El Paso Holdings and El Paso II refinanced Phase I and Phase II of the shopping center with the proceeds of $75 million originated by Deutche Bank. In conjunction with the refinance, El Paso Holdings and El Paso II contributed its interest in Phase I and Phase II to El Paso Outlet Center CMBS, LLC ("El Paso CMBS"). El Paso CMBS is owned by an entity that is owned by El Paso Holdings. Phase I and Phase II of the shopping center secures the loan. The annual interest rate is 5.103%. Payments are $407,350 per month, based on a 30-year amortization. The loan matures on October 6, 2028. The principal balance at March 31, 2024 and December 31, 2023, was $68.4 million and $68.7 million, respectively. El Paso CMBS is a separate entity from the Company and its affiliates and its assets and credits are not available to satisfy the debts and obligations of affiliates of the Company or any other person. On November 2, 2020, an affiliate of CBL, the guarantor entity of the loan, filed Chapter 11 bankruptcy, which was a technical event of default under the loan agreement. CBL emerged from bankruptcy on November 1, 2021. CBL, the Company and the lender executed a limited default waiver agreement on December 23, 2021, pursuant to which the lender waived the default caused by CBL's bankruptcy.

El Paso Outlet Outparcels, LLC owns several outparcels (the "Outparcels"). At March 31, 2024 and December 31, 2023, Outparcels was owned 50% by Horizon El Paso, 33.3333% by CBL, 11.75% by Pleasant Lake Apts., LP ("PLA"), an entity owned by Howard Amster, majority shareholder and director of the Company, and 4.9167% by Pleasant Lake Skoien Investments, LLC ("PL Skoein"), an entity owned by Howard Amster and Gary Skoien, the Chairman of the Board, Chief Executive Officer ("CEO"), President, and a shareholder of the Company..

El Paso Outlet Outparcels II, LLC, formed in 2019, owns ancillary land adjacent to the shopping center (the "Outparcels II"). At March 31, 2024 and December 31, 2023, Outparcels II was owned 50% by CBL and 50% by Horizon El Paso.

At March 31, 2024 and December 31, 2023, the Company owned 97.4% of the preferred interests and 92.8% of the common interest in Horizon El Paso, respectively.

The Company received management, leasing, and similar fees from El Paso Center that totaled $507,000 and $316,000 during the three months ended March 31, 2024 and 2023, respectively.

Summary financial information (stated at 100%) for the El Paso entities as of March 31, 2024 and December 31, 2023, and for the three months ended March 31, 2024 and 2023, are as follows (in thousands):

	As of March 31, 2024	As of December 31, 2023
Assets		
Real estate - net	$ 71,672	$ 71,746
Cash and cash equivalents	1,022	1,201
Restricted cash	2,379	1,722
Other assets	1,836	1,917
Total assets	$ 76,909	$ 76,586
Liabilities and members' equity		
Mortgages and other debt	$ 68,396	$ 68,743
Other liabilities	1,808	1,518
Members' equity	6,706	6,325
Total liabilities and members' equity	$ 76,910	$ 76,586

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Statements of Operations		
Revenue	$ 4,467	$ 4,292
Operating expenses	1,244	1,261
General and administrative expenses	289	304
Depreciation and amortization expense	957	917
Interest expense	896	914
Total expenses	3,386	3,396
Loss on sale of assets	-	(32)
Net income	$ 1,081	$ 864

Gettysburg Entities

During 2012, an entity owned by an affiliate of CBL and an affiliate of Howard Amster and Gary Skoien converted a mezzanine loan into equity ownership in Gettysburg Outlet Center Holding, LLC and Gettysburg Outlet Center LLC (the "Gettysburg entities") At March 31, 2024 and December 31, 2023, the Gettysburg entities are owned 50% by CBL, 48.9% by the Company, and 1.1% by other entities. Gettysburg Outlet Center Holding, LLC, owns

Gettysburg Outlet Center, LP, which owns 100% of Gettysburg Outlet Center CMBS, LLC ("Gettysburg CMBS") which owns the shopping center. Gettysburg Outlet Center LLC owns vacant land around the shopping center. The members of the Gettysburg entities accrue a 10% preferred return on capital invested.

The mortgage loan for Gettysburg CMBS is secured by the shopping center, had an initial balance of $38.5 million, bears interest at 4.8% and matures in 2025. Gettysburg CMBS is a separate entity from the Company and its affiliates and its assets and credits are not available to satisfy the debts and obligations of affiliates of the Company or any other person. On August 17, 2020, in response to the COVID-19 outbreak, the lender consented to a deferred principal period commencing with the July 2020 payment date through the December 2020 payment date, with the deferred principal to be repaid during 2021. The mortgage balance was $20.5 and $20.6 million at March 31, 2024 and December 31 2023, respectively. On November 2, 2020, an affiliate of CBL, one of the guarantors of the loan, filed Chapter 11 bankruptcy, which was a technical event of default under the loan agreement. The Company is also a guarantor of the loan. CBL emerged from bankruptcy on November 1, 2021. CBL, the Company, and the lender executed a settlement, consent, and loan modification agreement October 12, 2022. The agreement gave the lender a $20.0 million proof of claim in CBL's bankruptcy case and reduced the outstanding principal balance of the loan to $21.0 million. The agreement also cured the event of default and restored the non-recourse status of the loan. Because of the event of default, default interest was accrued but not paid since the date of the bankruptcy filing but not required to be paid as a condition of the modification agreement.

Since 2020, the property failed to meet the Debt Service Coverage Ratio which triggers a Sweep Event Period. The Lender has provided notice of the commencement of a Sweep Event Period. During a Sweep Event Period, the borrower is required to establish a Clearing Account under the control of the Lender.

The Company received leasing and similar fees from the Gettysburg Entities that totaled $13,000 and $5,000 during the three months ended March 31, 2024 and 2023, respectively.

Summary financial information (stated at 100%) of the Gettysburg entities as of March 31, 2024 and December 31, 2023, and for the three months ended March 31, 2024 and 2023, is as follows (in thousands):

	As of March 31, 2024	As of December 31, 2023
Assets		
Real estate - net	$ 10,354	$ 10,586
Cash and cash equivalents	96	32
Restricted cash	1,426	1,377
Other assets	2,098	2,254
Total assets	$ 13,974	$ 14,249
Liabilities and members' deficit		
Mortgages and other debt	$ 20,563	$ 20,646
Other liabilities	2,944	2,975
Members' deficit	(9,533)	(9,372)
Total liabilities and members' deficit	$ 13,974	$ 14,249

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Statements of Operations		
Revenue	$ 1,086	$ 693
Operating expenses	662	649
General and administrative expenses	73	101
Depreciation and amortization expense	256	378
Interest expense	254	258
Total expenses	1,245	1,386
Net loss	$ (159)	$ (693)

Atlanta Entities

During 2012, the Company entered into a joint venture (the "Atlanta JV") with an affiliate of CBL to develop The Outlet Shoppes at Atlanta in Woodstock, Georgia. At March 31, 2024 and December 31, 2023, the Atlanta JV was owned 50% by CBL, 35% by Horizon Atlanta Outlet Shoppes, LLC ("Horizon Atlanta") , and 15% by the Company. At March 31, 2024 and December 31, 2023, the Company owns 94.1% of the preferred interests and 90.1% of the common interests in Horizon Atlanta, but maintains voting control over Horizon Atlanta. The Company is responsible for the leasing and management of the center.

On October 3, 2023, the Atlanta JV obtained a $79.3 million loan from Barclays Capital and Goldman Sachs (the "Atlanta Refinance"). The Atlanta Refinance paid off both previous property loans. The Atlanta Refinance has a term of 10 years and bears interest at 7.85%. Payments are interest only through the maturity date. The Atlanta Refinance is secured by a mortgage on The Outlet Shoppes at Atlanta and had a balance of $79.3 million at March 31, 2024 and December 31, 2023, respectively.

The Company received development, management, leasing, and similar fees from Atlanta JV that totaled $91,000 and $193,000 for the three months ended March 31, 2024 and 2023, respectively.

Summary financial information (stated at 100%) of the Atlanta entities as of March 31, 2024 and December 31, 2023, and for the three months ended March 31, 2024 and 2023, is as follows (in thousands):

	As of March 31, 2024	As of December 31, 2023
Assets		
Real estate - net	$ 39,442	$ 39,960
Cash and cash equivalents	1,144	1,290
Restricted cash	1,994	1,715
Other assets	3,553	3,123
Total assets	$ 46,133	$ 46,088
Liabilities and members' deficit		
Mortgages and other debt	$ 79,330	$ 79,330
Other liabilities	1,281	1,253
Members' deficit	(34,478)	(34,495)
Total liabilities and members' deficit	$ 46,133	$ 46,088

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Statements of Operations		
Revenue	$ 4,044	$ 3,549
Operating expenses	734	825
General and administrative expenses	154	159
Depreciation and amortization expense	643	840
Interest expense	1,596	918
Total expenses	3,127	2,742
Net income	$ 917	$ 807

Bluegrass Entities

During 2013, the Company entered into a joint venture (the "Louisville JV") with an affiliate of CBL to develop The Outlet Shoppes of the Bluegrass in Louisville, Kentucky. At March 31, 2024 and December 31, 2023, the Louisville JV was owned 65% by CBL and 35% by Horizon Louisville Outlets, LLC ("Horizon Louisville"). At March 31, 2024 and December 31, 2023, the Company owns 93.69% of the preferred interests and 89.97% of the common interests in Horizon Louisville, but maintains voting control over Horizon Louisville.

In May of 2013, and again in December of 2014, Horizon Louisville met certain return of investment and internal rate of return criteria stipulated in the joint venture agreement with CBL; therefore, the Company's share of future distributions from the Louisville JV increased from 35% to 50%. The Company is responsible for the leasing and management of the center.

On November 24, 2014, Bluegrass Outlet Shoppes CMBS, LLC ("Bluegrass CMBS"), which is owned 100% by the the Louisville JV obtained a $77.5 million loan from JP Morgan (the "Louisville Loan"). The Louisville Loan has a term of 10 years and bears interest at 4.045%. Payments are based on a 30 year amortization. The Louisville Loan is secured by a mortgage on phase I of The Outlet Shoppes of the Bluegrass. The loan balance was $62.6 million and $63.0 million at March 31, 2024 and December 31, 2023, respectively. Bluegrass CMBS is a separate entity from the Company and its affiliates and its assets and credits are not available to satisfy the debts and obligations of affiliates of the Company or any other person.

On November 2, 2020, an affiliate of CBL, the guarantor entity of the loans, filed Chapter 11 bankruptcy, which was a technical default under the loan agreements. CBL emerged from bankruptcy on November 1, 2021. CBL, the Company and the servicer of the JP Morgan loan executed a forbearance and consent agreement on May 13, 2022, waiving the default. Because of the event of default, default interest was accrued but not paid since the date of the bankruptcy filing but not required to be paid as a condition of the forbearance agreement. CBL, the Company and the lender on Phase II executed a limited waiver agreement related to CBL's bankruptcy on October 8, 2020.

The Company received management, leasing, and similar fees from the Louisville JV that totaled $170,000 and $107,000 for the three months ended March 31, 2024 and 2023, respectively.

Summary financial information (stated at 100%) of the Louisville JV as of March 31, 2024 and December 31, 2023, and for the three months ended March 31, 2024 and 2023, is as follows (in thousands):

	As of March 31, 2024	As of December 31, 2023
Assets		
Real estate - net	$ 43,417	$ 44,282
Cash and cash equivalents	1,314	2,029
Restricted cash	1,886	1,620
Other assets	1,688	1,786
Total assets	$ 48,305	$ 49,717
Liabilities and members' deficit		
Mortgages and other debt	$ 62,618	$ 63,098
Other liabilities	945	812
Members' deficit	(15,257)	(14,193)
Total liabilities and members' deficit	$ 48,306	$ 49,717

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Statements of Operations		
Revenue	$ 2,944	$ 3,074
Operating expenses	819	711
General and administrative expenses	124	143
Depreciation and amortization expense	955	940
Interest expense	656	863
Total expenses	2,554	2,657
Net income	$ 390	$ 417

.

Laredo Entities

On May 10, 2016, the Company, CBL, and Lawrence Friedman formed a joint venture, Laredo Outlet JV, LLC ("Laredo JV") to develop an outlet shopping center in Laredo, Texas. At March 31, 2024 and December 31, 2023, Laredo JV is owned 65% by CBL and 35% by Horizon El Portal, LLC ("Horizon El Portal"). At March 31, 2024 and December 31, 2023, the Company owns 95.1% of Horizon El Portal. Lawrence Friedman is a Class B member and will participate in distributions after certain internal rate of return hurdles are met.

On May 13, 2016, Laredo JV closed on a construction loan to finance the construction of the center. The loan has a maximum principal balance of $91.3 million, a 36-month term and one 24-month extension option, subject to certain conditions. Interest accrues on the loan at LIBOR and 2.5% until the development reaches 90% occupancy, at which time the interest rate will drop to LIBOR plus 2.25%. Monthly principal payments of $150,000 began on October 1, 2018. The loan contains certain provisions requiring principal pay-downs subject to certain conditions. In May of 2019, the loan was extended through May 2021. As a condition of the extension Horizon El Portal and its partner, CBL, made a $10.8 million principal payment through capital contribution on the construction loan. Horizon El Portal's share of the payment was $3.8 million. On April 20, 2020, the loan was amended in response to the COVID-19 outbreak to include an interest-only period from April 1, 2020 through June 1, 2020, with principal installments deferred until the maturity date. At March 31, 2024 and December 31, 2023, the loan balance was $33.5 million and $33.8 million, respectively.

On November 2, 2020, an affiliate of CBL, the guarantor of the loan filed Chapter 11 bankruptcy, which was a technical event of default under the loan agreement. In May 2021, the lender moved to appoint a receiver for the Laredo property and, thereafter, Laredo Outlet Shoppes, LLC filed chapter eleven bankruptcy. At the hearing on June 2, 2021, the court suggested mediation to reach a consensual resolution. On July 26, 2021, a comprehensive settlement was reached including a two-year extension of the loan, with an option for a third year, an agreed-upon maximum unsecured $5 million deficiency claim, certain agreed-upon covenants and defaults and mutual releases. Interest accrues on the loan at LIBOR and 3.25%. Monthly principal payments of $100,000 began on July 1, 2021. The Laredo Chapter 11 case has been dismissed. On April 13, 2023, borrow executed a Consent Letter to change term to SOFR from LIBOR. On April 24, 2023, Borrower provided notice of extension for a third year, extending the loan to June 30, 2024. On October 31, 2023, the loan was amended satisfying the $5 million deficiency claim with a $3.1 million principal paydown, and extending the loan to June 30, 2025.

The Company received management, leasing, and similar fees from the Laredo JV that totaled $74,000 and $102,000 for the three months ended March 31, 2024 and 2023, respectively.

Summary financial information (stated at 100%) of the Laredo JV as of March 31, 2024 and December 31, 2023, and for the three months ended March 31, 2024 and 2023, is as follows (in thousands):

	As of March 31, 2024	As of December 31, 2023
Assets		
Real estate - net	$ 35,489	$ 35,801
Cash and cash equivalents	803	1,602
Restricted cash	389	401
Other assets	1,597	1,489
Total assets	$ 38,278	$ 39,293
Liabilities and members' equity		
Mortgages and other debt	$ 33,480	$ 33,780
Other liabilities	3,053	3,901
Members' equity	1,745	1,612
Total liabilities and members' equity	$ 38,278	$ 39,293

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Statements of Operations		
Revenue	$ 2,220	$ 1,981
Operating expenses	785	794
General and administrative expenses	115	101
Depreciation and amortization expense	442	525
Interest expense	746	775
Total expenses	2,088	2,195
Net income (loss)	$ 132	$ (214)

Lincoln City Entities

On February 13, 2024, the Company, Gary Skoien, and Betty Kimbrew formed a joint venture, LC Outlets JV, LLC ("LCO JV") to acquire Lincoln City Outlets, an outlet center in Lincoln City, Oregon. At March 31, 2024, LCO JV is owned 56% by Gary Skoien, 32% by Betty Kimbrew and 12% by the Company.

On February 13, 2024, LC Outlets CMBS, LLC ("LCO CMBS"), which is owned 100% by the LCO JV, obtained a $23.2 million loan from an affiliate of Citi Financial (the "Lincoln City Loan"). The Lincoln City Loan has a term of 10 years and bears interest at 7.15%. Payments are interest only through the maturity date. The Lincoln City Loan is secured by a mortgage on the Lincoln City Outlets and had a balance of $23.2 million at March 31, 2024.

Howard Amster and an affiliate of Howard Amster loaned the Company total of $ 10.3 million in conjunction with the transaction, The Company made a loan of $7.6 million to Gary Skoien and a loan of $2.8 million to Betty Kimbrew in conjunction with the transaction. Each loan is guaranteed by the respective borrower. . LCO CMBS is a separate entity from the Company and its affiliates and its assets and credits are not available to satisfy the debts and obligations of affiliates of the Company or any other person.

The Company received management, leasing, and similar fees from the LCO JV that totaled $28,000 f for the period February 13, 2024 through March 31, 2024, respectively.

Summary financial information (stated at 100%) of the LCO JV as of March 31, 2024, and for the period February 13, 2024 through March 31, 2024, is as follows (in thousands):

	As of March 31, 2024
Assets	
Real estate - net	$ 31,533
Cash and cash equivalents	646
Restricted cash	569
Other assets	4,282
Total assets	$ 37,031
Liabilities and members' equity	
Mortgages and other debt	$ 23,163
Other liabilities	528
Members' equity	13,341
Total liabilities and members' equity	$ 37,031

	February 13, 2024 through March 31, 2024
Statements of Operations	
Revenue	$ 546
Operating expenses	237
General and administrative expenses	40
Depreciation and amortization expense	263
Interest expense	235
Total expenses	775
Net loss	$ (229)

Dells Entities

On March 22, 2024, the Company and Dells TIC, LLC ("Dells TIC"), an entity owned by PLA, formed a joint venture, Dells Acquisition Company, LLC ("Dells JV") to acquire a 71.75% membership interest in Wisconsin Dells Outlet Holding, LLC ("Dells Holding") which owned 100% of Wisconsin Dells Outlet Fee LLC ("Dells Owner") which owned the Outlets at The Dells in Baraboo, Wisconsin. Subsequent to the acquisition of the 71.75% interest in Dells Holding, Dells Holding was liquidated by the distribution of the following tenant-in-common interests: 61% to Dells TIC, LLC ("Dells TIC"), 10.75% to HGP TIC, LLC ("HGP TIC"), and 28.25% to Tall Pines TIC, LLC ("Tall Pines TIC"). Dells TIC is owned by an affiliate of Howard Amster, HGP TIC is owned by the Company and Tall Pines TIC is owned by the entity that owned the other 28.25% of Dells Owner.

On March 22, 2024, HGP TIC, Dells TIC, and Tall Pines TIC, collectively obtained a $36.7 million loan from an affiliate of Barclays Capital (the "Dells Loan"). The Dells Loan has a term of 10 years and bears interest at 7.07%. Payments are interest only through the maturity date. The Dells Loan is secured by the mortgage on the Outlets at The Dells and had a balance of $36.7 million at March 31, 2024.

The Company received management, leasing, and similar fees from the Outlet at The Dells that totaled $9,000 for the period from March 22, 2024 through March 31, 2024, respectively.

Summary financial information (stated at 100%) of the Outlet at The Dell as of March 31, 2024, and for the period from March 22, 2024 through March 31, 2024, is as follows (in thousands):

	As of March 31, 2024
Assets	
Real estate - net	$ 51,378
Cash and cash equivalents	8
Restricted cash	329
Other assets	5,749
Total assets	$ 57,464
Liabilities and members' equity	
Mortgages and other debt	$ 36,730
Other liabilities	319
Members' equity	20,415
Total liabilities and members' equity	$ 57,464

	March 22, 2024 through March 31, 2024
Statements of Operations	
Revenue	$ 194
Operating expenses	14
General and administrative expenses	9
Depreciation and amortization expense	-
Interest expense	70
Total expenses	92
Loss on sale of assets	-
Net income	$ 102

Note 5 – Mortgages and Other Debt

Total secured indebtedness was $22.6 million and $2.0 million at March 31, 2024 and December 31, 2023, respectively. Cash paid for interest for the three months ended March 31, 2024 and 2023 was $15,000 and $35,000, respectively.

The Company's ability to secure new loans is limited by the fact that most of the Company's real estate assets are currently pledged as collateral for its current loans. The Company will pay the scheduled principal amortization in the normal course of business during 2024.

Note 6 - Related Party Transactions

At March 31, 2024 and December 31, 2023, PLA owns 11.75%, of El Paso Outparcels, and 100% and 0%, respectively, of Dells TIC.

At March 31, 2024 and December 31, 2023, PL Skoien, owns 4.9167%, of El Paso Outparcels.

At March 31, 2024 and December 31, 2023, Gary Skoien, owns 56% and 0%, respectively, of LCO JV.

At March 31, 2024 and December 31, 2023, David Tinkham, an officer of the Company, owned 1.27% of Horizon Atlanta, and 3.24% of Horizon Louisville.

At March 31, 2024 and December 31, 2023, Andrew Pelmoter, an officer of the Company, owned 2.12% of Horizon Atlanta, and 4.31% of Horizon Louisville, in addition to the Net Profits Interests discussed below.

The Company has granted Common interests in Horizon El Paso, Horizon OKC, Horizon Atlanta, and Horizon Louisville (the "Net Profits Interests") to certain officers of the Company. Holders of the Net Profits Interests are not entitled to any distributions until the holders of the preferred interests have received their capital and a 12% return thereon.

Net Profits Interests are recorded as a component of accounts payable and other accrued expenses on the accompanying balance sheet. The Net Profits Interests associated with Horizon Atlanta and Horizon Louisville continue to be adjusted associated with the Company's fair value election on these investments discussed in Note 1. As of March 31, 2024 and December 31, 2023, the Net Profits Interest liability approximated $6.8 million and $6.9 million, respectively.

Net profits interests have been granted to officers of the Company as follows: (1) Horizon El Paso - 3.5%, to Andrew Pelmoter, (2) Horizon OKC - 2.5%, 2.5% and 3% to Gary Skoien, Tom Rumptz and Andrew Pelmoter, respectively; (3) Horizon Atlanta, - 1.25%, 1.25%, 1.25% and .0375% to Messers Skoien, Rumptz, Pelmoter and James Harris, respectively, (4) Horizon Louisville, - 1.25%, 1.25%, 1.25% and .0375% to Messers Skoien, Rumptz, Pelmoter and Harris, respectively, and (5) Horizon El Portal, - 1.52%, 1.52%, 1.22% and .61% to Messers Skoien, Pelmoter, Rumptz and Harris, respectively.

On October 1, 2022, the Company issued 1,000 shares of Series A Preferred Stock and 1,000 shares of Series B Preferred stock to PL Skoien in exchange for 100% ownership of PLS-Exchange, LLC, an entity owned by PL Skoien to which it had contributed ownership representing the economic interest of 15% of Atlanta JV, 19.1% of El Paso Holding, 19.6% of Horizon El Portal, 45.76% of Horizon Atlanta, and 48.59% of Horizon Louisville. The Series A Preferred Stock and Series B Preferred Stock can be described as "tracking preferred stock" in that the Series A Preferred Stock tracks the economics of the portion of contributed interests previously owned by PL-Skoien and the Series B Preferred Stock tracks the economics of the portion of contributed interests previously owned by PLA. Distributions received by the Company related to the membership interests will be distributed to PL-Skoien as dividends. The Series A and Series B Preferred Stock also have a preference over the Company's common shares in the case of liquidation of the Company equal to the appraised value of the Series A and Series B Preferred Stock at the time of such liquidation. The holders of the Series A and Series B Preferred Stock are obligated to make additional capital contributions to the Company in the event that additional capital is required with respect to the entities included in the assets owned by PLS-X.

On February 7, 2024, the Company made a loan to Gary Skoien $7.6 million. The related note payable by Mr. Skoien has a term of 10 years and bears interest at 8.5%. Debt service payments are equal to the distributions received by Mr. Skoien in the prior month related to his ownership in the Lincoln City Outlets JV, LLC (See Note 4). The amount of any monthly payment in excess of the interest due for such month shall be applied to reduce principal; any amount less than that shall be added to principal. Mr. Skoien has personally guaranteed the loan.

On February 7, 2024, the Company made a loan to Betty Kimbrew in the amount of $2.8 million. The note payable by Ms. Kimbrew has a term of 10 years and bears interest at 8.5%. Monthly debt service payments are equal to approximately 65.5% of the distributions received by Ms. Kimbrew in the prior month related to her ownership in the Lincoln City Outlets JV, LLC (See Note 4). The amount of any monthly payment in excess of the interest due for such month shall be applied to reduce principal; any amount less than that shall be added to principal.

On February 7, 2024, the Company borrowed $7.3 million from PLA. The related note payable by the Company has a term of 10 years and bears interest at 8.5%. Monthly debt service payments are equal to 70.9% of the payments received by the Company from the notes from Gary Skoien and Betty Kimbrew. The amount of any monthly payment in excess of the interest due for such month shall be applied to reduce principal; any amount less than that shall be added to principal.

On February 7, 2024, the Company borrowed $3.0 million from Howard Amster. The related note payable by the Company has a term of 10 years and bears interest at 8.5%. Monthly debt service payments are equal to 29.1% of the payments received by the Company from notes from Gary Skoien and Betty Kimbrew. The amount of any monthly payment in excess of the interest due for such month shall be applied to reduce principal; any amount less than that shall be added to principal.

On March 14, 2024, the Company borrowed $7.7 million from Howard Amster. The related note receivable has a term of 3 years and bears interest at SOFR plus 4.25%. Payments are interest only through the maturity date.