# Condensed Consolidated Financial Statements

## Horizon Group Properties, Inc.

For the nine months ended September 30, 2021  and 2020

Horizon Group Properties, Inc.

Condensed Consolidated Financial Statements

(Unaudited)

Contents

HORIZON GROUP PROPERTIES, INC.

**Condensed Consolidated Balance Sheets**

*(unaudited)*

| | September 30, 2021 | December 31, 2020 |
|---|---|---|
| | *(In thousands)* | |
| **ASSETS** | | |
| Real estate | | |
| Land | $ 565 | $ 565 |
| Buildings and improvements | 3,154 | 3,154 |
| Less accumulated depreciation | (902) | (756) |
| | 2,817 | 2,963 |
| Construction in progress | 3 | 30 |
| Land held for investment | 28,663 | 28,990 |
| Total net real estate | 31,483 | 31,983 |
| | | |
| Investment in and advances to joint ventures | 12,352 | 15,661 |
| Investment in and advances to joint ventures, at fair value | 49,780 | 49,780 |
| Cash and cash equivalents | 1,882 | 127 |
| Restricted cash | 249 | 639 |
| Tenant and other accounts receivable, net | 216 | 294 |
| Deferred costs, (net of accumulated amortization of $57 and $58, respectively) | 15 | 22 |
| Other assets | 1,175 | 1,033 |
| Assets from discontinued operations | 1 | 41,735 |
| Total assets | $ 97,153 | $ 141,274 |
| | | |
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | | |
| **Liabilities:** | | |
| Mortgage and other debt (net of unamortized debt issuance costs of $203 and $601, respectively) | $ 9,236 | $ 10,942 |
| Accounts payable and other accrued expenses | 10,210 | 10,310 |
| Prepaid rents and other tenant liabilities | 153 | 205 |
| Liabilities from discontinued operations | 34 | 53,764 |
| Total liabilities | 19,633 | 75,221 |
| | | |
| **Commitments and contingencies** | | |
| | | |
| **Stockholders' equity:** | | |
| Common shares ($.01 par value, 50,000 shares authorized, 9,799 shares issued and outstanding) | 98 | 98 |
| Additional paid-in capital | 79,295 | 79,295 |
| Accumulated deficit | (38,796) | (48,883) |
| Total stockholders' equity attributable to the controlling interest | 40,597 | 30,510 |
| Noncontrolling interests in consolidated subsidiaries | 36,923 | 35,543 |
| Total stockholders' equity | 77,520 | 66,053 |
| Total liabilities and stockholders' equity | $ 97,153 | $ 141,274 |

*See accompanying notes to condensed consolidated financial statements.*

HORIZON GROUP PROPERTIES, INC.

**Condensed Consolidated Statements of Operations**

*(unaudited)*

| | Three Months Ended September 30, 2021 | Three Months Ended September 30, 2020 |
|---|---|---|
| | *(In thousands)* | |
| **REVENUE** | | |
| Base rent | $ 101 | $ 101 |
| Expense recoveries | 34 | 29 |
| Management, development, and leasing fees | 492 | 475 |
| Other | 522 | - |
| Total revenue | 1,149 | 605 |
| **EXPENSES** | | |
| Property operating | 96 | 37 |
| Real estate taxes | 23 | 24 |
| Other operating | (4) | 7 |
| Depreciation and amortization | 51 | 51 |
| General and administrative | 1,414 | 1,145 |
| Interest | 93 | 136 |
| Total expenses | 1,673 | 1,400 |
| **OTHER INCOME AND EXPENSE** | | |
| Loss from investment in joint ventures | (148) | (1,355) |
| Loss on sale of real estate | (24) | (3) |
| Gain on extinguishment of debt | 563 | - |
| Total other income and expense | 391 | (1,358) |
| **DISCONTINUED OPERATIONS** | | |
| Net income (loss) from operations of the discontinued component | 13,767 | (1,185) |
| Consolidated net income (loss) | 13,634 | (3,338) |
| Less net loss (income) attributable to the noncontrolling interests | (1,365) | 1,138 |
| Net income (loss) attributable to the Company | $ 12,269 | $ (2,200) |

*See accompanying notes to condensed consolidated financial statements.*

HORIZON GROUP PROPERTIES, INC.

**Condensed Consolidated Statements of Operations**

*(unaudited)*

| | Nine Months Ended September 30, 2021 | Nine Months Ended September 30, 2020 |
|---|---|---|
| | *(In thousands)* | |
| **REVENUE** | | |
| Base rent | $ 292 | $ 321 |
| Expense recoveries | 78 | 98 |
| Management, development, and leasing fees | 1,340 | 1,297 |
| Other | 1,192 | 9 |
| Total revenue | 2,902 | 1,725 |
| **EXPENSES** | | |
| Property operating | 243 | 275 |
| Real estate taxes | 61 | 74 |
| Other operating | (7) | 1 |
| Depreciation and amortization | 152 | 154 |
| General and administrative | 3,765 | 3,449 |
| Interest | 304 | 405 |
| Total expenses | 4,518 | 4,358 |
| **OTHER INCOME AND EXPENSE** | | |
| Loss from investment in joint ventures | (1,137) | (2,206) |
| Gain on sale of real estate | 1,839 | 1,710 |
| Gain on extinguishment of debt | 1,914 | - |
| Total other income and expense | 2,616 | (496) |
| **DISCONTINUED OPERATIONS** | | |
| Net income (loss) from operations of the discontinued component | 11,916 | (4,318) |
| Consolidated net income (loss) before income tax | 12,916 | (7,447) |
| Income tax benefit | - | 221 |
| Consolidated net income (loss) | 12,916 | (7,226) |
| Less net loss (income) attributable to the noncontrolling interests | (2,829) | 1,037 |
| Net income (loss) attributable to the Company | $ 10,087 | $ (6,189) |

*See accompanying notes to condensed consolidated financial statements.*

HORIZON GROUP PROPERTIES, INC.
**Condensed Consolidated Statements of Stockholders' Equity**
Nine Months Ended September 30, 2021 and 2020
*(unaudited, in thousands)*

| | Common Shares | 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, 2021 | $ 98 | $ 79,295 | $ (48,883) | $ 30,510 | $ 35,543 | $ 66,053 |
| Net income | - | - | 10,087 | 10,087 | 2,829 | 12,916 |
| Contributions from noncontrolling interests | - | - | - | - | - | - |
| Distributions to noncontrolling interests | - | - | - | - | (1,449) | (1,449) |
| Balance, September 30, 2021 | $ 98 | $ 79,295 | $ (38,796) | $ 40,597 | $ 36,923 | $ 77,520 |

| | Common Shares | 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, 2020 | $ 87 | $ 81,976 | $ (29,738) | $ 52,325 | $ 42,306 | $ 94,631 |
| Net loss | - | - | (6,189) | (6,189) | (1,037) | (7,226) |
| Contributions from noncontrolling interests | - | - | - | - | 286 | 286 |
| Distributions to noncontrolling interests | - | - | - | - | (1,522) | (1,522) |
| Balance, September 30, 2020 | $ 87 | $ 81,976 | $ (35,927) | $ 46,136 | $ 40,033 | $ 86,169 |

*See accompanying notes to condensed consolidated financial statements.*

HORIZON GROUP PROPERTIES, INC.

**Condensed Consolidated Statements of Cash Flows**

*(unaudited)*

| | Nine Months Ended September 30, 2021 | Nine Months Ended September 30, 2020 |
|---|---|---|
| **Cash flows provided by operating activities:** | *(In thousands)* | |
| Net income (loss) | $ 12,916 | $ (7,226) |
| Adjustments to reconcile net income (loss) | | |
| to net cash provided by (used in) operating activities: | | |
| Operating distributions from joint ventures | 1,383 | 987 |
| Loss from investment in joint ventures | 1,137 | 2,206 |
| Gain from sale of real estate | (1,839) | - |
| Loss on disposal of discontinued operations | (11,916) | - |
| Gain on extinguishment of debt | (1,914) | - |
| Depreciation | 146 | 143 |
| Amortization | 1 | 10 |
| Interest expense from deferred finance costs | 67 | 44 |
| Changes in assets and liabilities: | | |
| Tenant and other accounts receivable, net | 78 | 258 |
| Deferred costs, net, and other assets | (119) | (350) |
| Accounts payable and other accrued expenses | (100) | 103 |
| Prepaid rents and other tenant liabilities | (52) | (183) |
| Assets and liabilities from discontinued operations | 606 | 4,644 |
| **Net cash provided by operating activities** | 394 | 636 |
| **Cash flows provided by (used in) investing activities:** | | |
| Investment in future developments | (17) | (17) |
| Investment in joint ventures | - | (730) |
| Net proceeds from sale of real estate | 2,413 | - |
| Distributions from joint ventures, return of capital | 826 | 266 |
| Contributions to joint ventures | (37) | (346) |
| Expenditures for real estate | (220) | (85) |
| **Net cash provided by (used in) investing activities** | 2,965 | (912) |
| **Cash flows used in financing activities:** | | |
| Distributions to noncontrolling interests | (1,449) | (1,522) |
| Contributions from noncontrolling interests | - | 286 |
| Net proceeds from borrowing | 1,405 | 1,449 |
| Principal payments on mortgages and other debt | (1,264) | (330) |
| Principal payments on mortgages from discontinued operations | (686) | (247) |
| **Net cash used in financing activities** | (1,994) | (364) |
| **Net increase (decrease) in cash, cash equivalents, and restricted cash** | 1,365 | (640) |
| **Cash, cash equivalents, and restricted cash:** | | |
| **Beginning of period** | 766 | 1,603 |
| **End of period** | $ 2,131 | $ 963 |

*See accompanying notes to condensed consolidated financial statements.*

HORIZON GROUP PROPERTIES, INC.

**Condensed Consolidated Statements of Cash Flows**

*(unaudited)*

| | Nine Months Ended September 30, 2021 | Nine Months Ended September 30, 2020 |
|---|---|---|
| | *(In thousands)* | |
| **Reconciliation from consolidated statements of cash flows to consolidated balance sheets:** | | |
| Cash and cash equivalents | $ 1,882 | $ 228 |
| Restricted cash | 249 | 735 |
| **Cash, cash equivalents, and restricted cash, End of year** | $ 2,131 | $ 963 |
| | | |
| **Supplemental information:** | | |
| Noncash activity related to the disposal of fully depreciated or amortized assets: | | |
| Building and improvements | $ 2 | $ 152 |
| Deferred costs | - | 2 |
| | $ 2 | $ 154 |
| | | |
| Noncash activity to related party note receivable | $ - | $ (304) |
| | | |
| Noncash activity to related party note payable | $ - | $ 304 |

*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 September 30, 2021 and December 31, 2020, 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 September 30, 2021 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, 2020.

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 September 30, 2021 and December 31, 2020, predevelopment costs classified as Other Assets included projects in Cleveland, OH totaled $664,000, respectively.

Revenue Recognition

Revenue from Leasing Arrangements
Company's revenues primarily result from revenue from leasing arrangements that fall under Topic 840, *Leases*. 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 September 30, 2021 and December 31, 2020 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 September 30, 2021 and 2020, 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 December 29, 2021, 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 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 September 30, 2021.

| 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 | 2,796 | 100.0% |
| Corporate Assets | Chicago, IL | Various | N/A | 21 | 100.0% |
| | Total | | 22,204 | $2,817 | |
| | | | 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 | 82 | 7,112 | 51.0% |
| Land Held for Investment | Huntley, IL | Land | 355 | 20,495 | 100.0% |
| | Total | | 445 | $ 28,663 | |

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 September 30, 2021. 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 | 30.31% |
| The Outlet Shoppes at Gettysburg | Gettysburg, PA | Outlet Retail | 249,937 | 48.90% |
| The Outlet Shoppes at Atlanta | Woodstock, GA | Outlet Retail | 413,969 | 22.07% |
| The Outlet Shoppes of the Bluegrass | Louisville, KY | Outlet Retail | 428,060 | 30.78% |
| The Outlet Shoppes at Laredo | Laredo, TX | Outlet Retail | 357,866 | 21.30% |
| **Total** | | | 1,882,877 | |

*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 September 30, 2021 and December 31, 2020, El Paso Holding was owned 50% by CBL, 25% by Horizon El Paso, LLC ("Horizon El Paso"), 17.625% by Pleasant Lake Apts., LP ("PLA"), an entity owned by Howard Amster, majority shareholder and director of the Company, 5.9% by the Company, and 1.495% by Pleasant Lake Skoien Investments, LLC ("PL Skoein"), an entity owner by Howard Amster and Gary Skoein, the Chairman of the Board, Chief Executive Officer ("CEO"), President, and a shareholder of the Company.

On September 10, 2018, El Paso Holdings and El Paso II refinanced existing debt from Phase I and Phase II of the shopping center with Deutche Bank in the amount of $75 million. 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 September 30, 2021 and December 31, 2020, was $71.7 million and $72.6 million, respectively. On November 2, 2020, an affiliate of CBL, the guarantor entity of the loan, filed chapter eleven bankruptcy, which is a technical event of default under the loan agreement. The lender has all the default remedies specified in the loan documents, including the ability to foreclose on the property. CBL has emerged from bankruptcy. CBL and the Company are currently negotiating a default waiver agreement. As a result of the event of default, default interest has been accrued but not paid since the date of the bankruptcy filing. At September 30, 2021 and December 31, 2020, El Paso CMBS has accrued default interest of $3.3 million and $595,000, respectively.

El Paso Outlet Outparcels, LLC owns several outparcels (the "Outparcels"). At September 30, 2021 and December 31, 2020, Outparcels was owned 50% by Horizon El Paso, 33.3333% by CBL, 11.75% by PLA, and 4.9167% by PL Skoien.

El Paso Outlet Outparcels II, LLC, formed in 2019, owns ancillary land adjacent to the shopping center (the "Outparcels II"). At September 30, 2021 and December 31, 2020, Outparcels II was owned 50% by CBL and 50% by Horizon El Paso.

At September 30, 2021 and December 31, 2020, 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 $200,000 and $159,000 during the three months ended September 30, 2021 and 2020, respectively, and $524,000 and $435,000 during the nine months ended September 30, 2021 and 2020, respectively.

Summary financial information (stated at 100%) for the El Paso entities as of September 30, 2021 and December 31, 2020 and for the three and nine months ended September 30, 2021 and 2020 are as follows (in thousands):

| | As of September 30, 2021 | As of December 31, 2020 |
|---|---|---|
| **Assets** | | |
| Real estate - net | $ 80,200 | $ 83,240 |
| Cash and cash equivalents | 618 | 1,662 |
| Restricted cash | 2,785 | 2,934 |
| Other assets | 2,204 | 2,081 |
| Total assets | $ 85,807 | $ 89,917 |
| **Liabilities and members' equity** | | |
| Mortgages and other debt | $ 71,671 | $ 72,575 |
| Other liabilities | 6,284 | 4,257 |
| Members' equity | 7,852 | 13,085 |
| Total liabilities and members' equity | $ 85,807 | $ 89,917 |

| | Three Months Ended September 30, 2021 | Three Months Ended September 30, 2020 | Nine Months Ended September 30, 2021 | Nine Months Ended September 30, 2020 |
|---|---|---|---|---|
| **Statements of Operations** | | | | |
| Revenue | $ 3,603 | $ 3,163 | $ 10,756 | $ 10,292 |
| Operating expenses | 1,475 | 1,652 | 3,896 | 4,691 |
| General and administrative expenses | 213 | 215 | 681 | 549 |
| Depreciation and amortization expense | 982 | 1,039 | 2,940 | 3,098 |
| Interest expense | 1,837 | 955 | 5,529 | 2,870 |
| Total expenses | 4,507 | 3,861 | 13,046 | 11,208 |
| Gain (loss) on sale of assets | 206 | - | 206 | (1) |
| Net loss | $ (698) | $ (698) | $ (2,084) | $ (917) |

*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 September 30, 2021 and December 31, 2020, 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 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 Outlet Center, LP is secured by the shopping center, had an initial balance of $38.5 million, bears interest at 4.8% and matures in 2025. 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 $36.0 and $36.7 million at September 30, 2021 and December 31 2020, respectively. On November 2, 2020, an affiliate of CBL, one of the guarantors of the loan, filed chapter eleven bankruptcy, which is a technical event of default under the loan agreement. The Company is also a guarantor of the loan. The lender has all the default remedies specified in the loan documents, including the ability to foreclose on the property. CBL has emerged from bankruptcy. CBL and the Company are currently negotiating a default waiver agreement. Default interest has been accrued but not paid since the date of the bankruptcy filing. At September 30, 2021 and December 31, 2020, the Gettysburg entities have accrued default interest of $1.7 million and $306,000, respectively.

During 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 earned management, leasing and similar fees from Gettysburg entities that totaled $29,000 and $60,000 during the three months ended September 30, 2021 and 2020, respectively, and $87,000 and $122,000 during the nine months ended September 30, 2021 and 2020, respectively.

Summary financial information (stated at 100%) of the Gettysburg entities as of September 30, 2021 and December 31, 2020 and for the three and nine months ended September 30, 2021 and 2020 is as follows (in thousands):

| | As of September 30, 2021 | As of December 31, 2020 |
|---|---|---|
| **Assets** | | |
| Real estate - net | $ 37,161 | $ 38,300 |
| Cash and cash equivalents | 424 | 442 |
| Restricted cash | 828 | 847 |
| Other assets | 1,189 | 1,205 |
| Total assets | $ 39,602 | $ 40,794 |
| **Liabilities and members' equity** | | |
| Mortgages and other debt | $ 36,010 | $ 36,774 |
| Other liabilities | 3,094 | 1,426 |
| Members' equity | 498 | 2,594 |
| Total liabilities and members' equity | $ 39,602 | $ 40,794 |

| | Three Months Ended September 30, 2021 | Three Months Ended September 30, 2020 | Nine Months Ended September 30, 2021 | Nine Months Ended September 30, 2020 |
|---|---|---|---|---|
| **Statements of Operations** | | | | |
| Revenue | $ 1,265 | $ 1,173 | $ 3,339 | $ 3,701 |
| Operating expenses | 606 | 718 | 1,951 | 2,025 |
| General and administrative expenses | 52 | 72 | 229 | 185 |
| Depreciation and amortization expense | 392 | 388 | 1,139 | 1,149 |
| Interest expense | 902 | 465 | 2,715 | 1,366 |
| Total expenses | 1,952 | 1,643 | 6,034 | 4,725 |
| Net loss | $ (687) | $ (470) | $ (2,695) | $ (1,024) |

*<u>Atlanta Entities</u>*

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 September 30, 2021 and December 31, 2020, the Atlanta JV was owned 50% by CBL, 35% by Horizon Atlanta Outlet Shoppes, LLC ("Horizon Atlanta") , 7.611% by PLA, and 7.389% by PL Skoien. At September 30, 2021 and December 31, 2020, the Company owns 48.3% of the preferred interests and 44.3% 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 11, 2013, the Atlanta JV obtained an $80.0 million loan from an affiliate of Goldman Sachs (the "Atlanta Loan"). The Atlanta Loan has a term of 10 years and bears interest at 4.9%. Payments are based on a 30-year amortization. The Atlanta Loan is secured by a mortgage on The Outlet Shoppes at Atlanta and had a balance of $68.8 million and $70.1 million at September 30, 2021 and December 31, 2020, respectively.

On May 13, 2015, the Atlanta JV closed on a $6,200,000 construction loan for Atlanta Outlet Shoppes Phase II. The loan carries an initial interest rate of LIBOR plus 2.5%, and matured on February 28, 2020, extended from December 19, 2019. On February 6, 2020, this loan was refinanced with the proceeds of a $4,680,000 loan from Cadence Bank, N.A. The loan carries an interest rate of LIBOR plus 2.5%, payments based on a 25-year amortization and matures on November 5, 2023. On April 6, 2020, the loan was amended in response to the COVID-19 outbreak to include a deferred payment period including principal and interest from April 10, 2020 through June 10, 2020, with deferred interest amounts added to the outstanding principal balance of the loan and due at maturity. The loan balance was $4.5 million and $4.6 million at September 30, 2021 and December 31, 2020, respectively.

On November 2, 2020, an affiliate of CBL, the guarantor entity of the loans, filed chapter eleven bankruptcy, which is a technical default under the loan agreements. The lender has all the default remedies specified in the loan documents, including the ability to foreclose on the property. CBL has emerged from bankruptcy. CBL and the Company are currently negotiating a default waiver agreement. Default interest has been accrued but not paid since the date of the bankruptcy filing. At September 30, 2021 and December 31, 2020, the Atlanta entities have accrued default interest of $2.1 million and $383,000, respectively.

The Company received development, management, leasing, and similar fees from Atlanta JV that totaled $91,000 and $108,000 for the three months ended September 30, 2021 and 2020, respectively, and $282,000 and $333,000 for the nine months ended September 30, 2021 and 2020, respectively

Summary financial information (stated at 100%) of the Atlanta entities as of September 30, 2021 and December 31, 2020 and for the three and nine months ended September 30, 2021 and 2020 is as follows (in thousands):

| | As of September 30, 2021 | As of December 31, 2020 |
|---|---|---|
| **Assets** | | |
| Real estate - net | $ 43,457 | $ 45,280 |
| Cash and cash equivalents | 904 | 1,008 |
| Restricted cash | 1,074 | 552 |
| Other assets | 2,645 | 3,290 |
| Total assets | $ 48,080 | $ 50,130 |
| **Liabilities and members' deficit** | | |
| Mortgages and other debt | $ 73,312 | $ 74,675 |
| Other liabilities | 3,688 | 1,299 |
| Members' deficit | (28,920) | (25,844) |
| Total liabilities and members' deficit | $ 48,080 | $ 50,130 |

| | Three Months Ended September 30, 2021 | Three Months Ended September 30, 2020 | Nine Months Ended September 30, 2021 | Nine Months Ended September 30, 2020 |
|---|---|---|---|---|
| **Statements of Operations** | | | | |
| Revenue | $ 3,347 | $ 2,804 | $ 9,831 | $ 9,180 |
| Operating expenses | 813 | 1,114 | 2,119 | 3,193 |
| General and administrative expenses | 155 | 151 | 524 | 350 |
| Depreciation and amortization expense | 811 | 1,019 | 2,418 | 3,284 |
| Interest expense | 1,484 | 930 | 4,488 | 2,833 |
| Total expenses | 3,263 | 3,214 | 9,549 | 9,660 |
| Loss on sale of land | - | (1) | - | (1) |
| Net income (loss) | $ 84 | $ (411) | $ 282 | $ (481) |

*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 September 30, 2021 and December 31, 2020, the Louisville JV was owned 65% by CBL and 35% by Horizon Louisville Outlets, LLC ("Horizon Louisville"). At September 30, 2021 and December 31, 2020, the Company owns 44.7% of the preferred interests and 34.4% 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, 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 $67.2 million and $68.5 million at September 30, 2021 and December 31, 2020, respectively.

During 2015, the Louisville JV established the Bluegrass Outlet Shoppes II, LLC and closed on an $11.3 million construction loan to develop additional retail space at the Outlet Shoppes of the Bluegrass. The loan has a term of 60 months and an interest rate of LIBOR plus 2.35%. 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. On July 15, 2020, the loan was amended to extend the maturity date to October 15, 2020. On October 8, 2020, the loan was amended again to extend the maturity date to October 15, 2021. The loan balance was $8.5 million and $9.2 million, at September 30, 2021 and December 31, 2020, respectively.

On November 2, 2020, an affiliate of CBL, the guarantor entity of the loans, filed chapter eleven bankruptcy, which is a technical default under the loan agreements. The lenders have all the default remedies specified in the loan documents, including the ability to foreclose on the property. CBL has emerged from bankruptcy. CBL and the Company are currently negotiating a default waiver agreement. Default interest has been accrued but not paid since the date of the bankruptcy filing. At September 30, 2021 and December 31, 2020, the Bluegrass entities have accrued default interest of $2.5 million and $449,000, respectively.

The Company received management, leasing and similar fees from the Louisville JV that totaled $120,000 and $93,000 during the three months ended September 30, 2021 and 2020, respectively, and $330,000 and $254,000 during the nine months ended September 30, 2021 and 2020, respectively.

Summary financial information (stated at 100%) of the Louisville entities as of September 30, 2021 and December 31, 2020 and for the three and nine months ended September 30, 2021 and 2020 is as follows (in thousands):

| | As of September 30, 2021 | As of December 31, 2020 |
|---|---|---|
| **Assets** | | |
| Real estate - net | $ 50,612 | $ 52,976 |
| Cash and cash equivalents | 671 | 1,427 |
| Restricted cash | 3,781 | 1,169 |
| Other assets | 3,093 | 3,559 |
| Total assets | $ 58,157 | $ 59,131 |
| **Liabilities and members' deficit** | | |
| Mortgages and other debt | $ 75,715 | $ 77,362 |
| Other liabilities | 3,841 | 1,285 |
| Members' deficit | (21,399) | (19,516) |
| Total liabilities and members' deficit | $ 58,157 | $ 59,131 |

| | Three Months Ended September 30, 2021 | Three Months Ended September 30, 2020 | Nine Months Ended September 30, 2021 | Nine Months Ended September 30, 2020 |
|---|---|---|---|---|
| **Statements of Operations** | | | | |
| Revenue | $ 3,034 | $ 2,774 | $ 8,565 | $ 9,240 |
| Operating expenses | 940 | 1,007 | 2,295 | 2,954 |
| General and administrative expenses | 130 | 198 | 431 | 400 |
| Depreciation and amortization expense | 1,014 | 2,049 | 2,863 | 4,443 |
| Interest expense | 1,477 | 802 | 4,458 | 2,476 |
| Total expenses | 3,561 | 4,056 | 10,047 | 10,273 |
| Gain on sale of land | - | - | 1 | - |
| Net loss | $ (527) | $ (1,282) | $ (1,481) | $ (1,033) |

*Laredo Outlet Shoppes*

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 September 30, 2021 and December 31, 2020, Laredo JV is owned 65% by CBL and 35% by Horizon El Portal, LLC ("Horizon El Portal"). At September 30, 2021, and December 31, 2020, the Company owns 60.8% 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 September 30, 2021, and December 31, 2020, the loan balance was $39.7 million and $40.6 million, respectively.

On November 2, 2020, an affiliate of CBL, the guarantor of the loan filed chapter eleven bankruptcy, which is 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. The Laredo Chapter 11 case has been dismissed.

During 2020, the Outlet Shoppes at Laredo was deemed to be impaired and was written down to the fair value. Fair value was determined based on a recent appraisal that valued the property at $42.9 million. The carrying value exceed the fair value by $52.6 million which was recorded as an impairment loss during the year ended December 31, 2020.

The Company received management, leasing, and similar fees from the Laredo JV that totaled $4,000 and $50,000 for the three months ended September 30, 2021 and 2020, respectively, and $142,000 and $142,000 for the nine months ended September 30, 2021 and 2020, respectively.

Summary financial information (stated at 100%) of the Laredo entities as of September 30, 2021 and December 31, 2020 and for the three and nine months ended September 30, 2021 and 2020 is as follows (in thousands):

| | As of September 30, 2021 | As of December 31, 2020 |
|---|---|---|
| **Assets** | | |
| Real estate - net | $ 40,081 | $ 41,019 |
| Cash and cash equivalents | 642 | 24 |
| Restricted cash | 39 | 434 |
| Other assets | 2,532 | 2,951 |
| Total assets | $ 43,294 | $ 44,428 |
| **Liabilities and members' equity** | | |
| Mortgages and other debt | $ 39,650 | $ 40,600 |
| Other liabilities | 3,528 | 3,356 |
| Members' equity | 116 | 472 |
| Total liabilities and members' deficit | $ 43,294 | $ 44,428 |

| | Three Months Ended September 30, 2021 | Three Months Ended September 30, 2020 | Nine Months Ended September 30, 2021 | Nine Months Ended September 30, 2020 |
|---|---|---|---|---|
| **Statements of Operations** | | | | |
| Revenue | $ 2,167 | $ 1,660 | $ 6,142 | $ 5,903 |
| Operating expenses | 987 | 1,064 | 2,806 | 3,145 |
| General and administrative expenses | 104 | 91 | 338 | 259 |
| Depreciation and amortization expense | 787 | 2,322 | 2,299 | 5,450 |
| Interest expense | (136) | 442 | 1,056 | 1,411 |
| Total expenses | 1,742 | 3,919 | 6,499 | 10,265 |
| Net income (loss) | $ 425 | $ (2,259) | $ (357) | $ (4,362) |

## Note 5– Mortgages and Other Debt

Total secured indebtedness was $9.2 million and $10.9 million at September 30, 2021 and December 31, 2020, respectively. Cash paid for interest for the nine months ended September 30, 2021 and 2020 was $305,000 and $533,000, 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 2021.

During 2020, the Company received proceeds from US Bank of $1.4 million as guaranteed by the Small Business Administration’s Paycheck Protection Program. During 2021, the Company received additional proceeds from US Bank of $1.4 million as guaranteed by the Small Business Administration’s Paycheck Protection Program 2. The Company secured these funds in order to help keep their workforce employed during the COVID-19 crisis (see Note 8). The loans can be 100% forgiven as long as the Company meets specific criteria, as defined, for the specified period following receipt of the loan proceeds. This includes maintaining a certain level of employee headcount and compensation during that time period as well as demonstrating that the money was used for payroll costs, rent, mortgage interest, or utilities. During 2021, the Company applied for and received loan forgiveness in for both PPP loans. At September 30, 2021, the Company recognized a gain on the extinguishment of debt of $1.9 million.

Note 6 - Related Party Transactions

At September 30, 2021 and December 31, 2020, PLA owns (1) 17.625%, of interest in El Paso Holding, (2) 11.75%, of El Paso Outparcels, and (3) 7.611%, of interest in Atlanta JV.

At September 30, 2021 and December 31, 2020, PL Skoien, owns (1) 46.4% of Horizon Atlanta, (2) 47.54% of Horizon Louisville, (3) 14.7% of Horizon El Portal, LLC, (4) 1.495%, of El Paso Holding, (5) 4.9167%, of El Paso Outparcels, and (7) 7.389%, of interest in Atlanta JV.

At September 30, 2021 and December 31, 2020, David Tinkham, an officer of the Company, owned 1.27% of Horizon Atlanta, and 3.24% of Horizon Louisville.

At September 30, 2021 and December 31, 2020, 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 September 30, 2021 and December 31, 2020, the Net Profits Interest liability approximated $7.8 million.

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.

During 2020 and 2019, PLA loaned the Company $250,000 and $3.25 million, respectively. In conjunction with the loans the Company issued warrants that permit PLA to acquire 583,334 limited partnership units or shares as of September 30, 2021 and December 31, 2020, respectively. The warrants have an exercise price of $3.00 per share or unit and expire on May 29, 2024.

On December 16, 2020, the Company issued 1,056,833 shares of stock valued at $1.00 per share to acquire 100% ownership of PLS-BFO, LLC, an entity owned by PL Skoien to which it had contributed ownership representing the economic interest of 46.06% of BFO, 29.84% of Gettysburg entities, 14.7% of Horizon El Portal and 5.9% of El Paso Holding.

Note 7 – COVID-19 Impact

Since being reported in December 2019, COVID-19 has spread globally, including to every state in the United States. On March 11, 2020, the World Health Organization declared COVID-19 a pandemic, and on March 13, 2020, the United States declared a national emergency with respect to COVID-19.

Certain states and cities, including where we own properties and where our corporate headquarters is located, have also reacted by instituting quarantines, restrictions on travel, "shelter-in-place" rules, restrictions on types of business that may continue to operate, and/or restrictions on the types of construction projects that may continue. The Company cannot predict if additional states and cities will implement similar restrictions or when restrictions currently in place will be lifted. As a result, the COVID-19 pandemic is negatively impacting almost every industry directly or indirectly, including the retail industry in which the Company and our tenants operate.

A majority of our tenants have announced temporary closures or other limits on the operations of their stores and requested rent deferral or rent abatement during this pandemic or have failed to pay rent. In addition, state, local or industry-initiated efforts, such as tenant rent freezes, or governmental or court-imposed delays in the processing of landlord initiated commercial eviction and collection actions in various jurisdictions in light of the COVID-19 pandemic, may also affect our ability to collect rent or enforce remedies for the failure to pay rent. We believe our tenants do not have a contractual right to cease paying rent due to government-mandated closures and we intend to enforce our rights under our lease agreements. However, COVID-19 and the related governmental orders present fairly novel situations for which the ultimate legal outcome cannot be assured, and it is possible future governmental action could impact our rights under the lease agreements. The extent of tenant requests and actions, and the resulting impact to the Company's results of operations and cash flows, is uncertain and cannot be predicted.

The extent to which the COVID-19 pandemic impacts our operations and those of our tenants will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the scope, severity and duration of the pandemic, the actions taken to contain the pandemic or mitigate its impact, and the direct and indirect economic effects of the pandemic and containment measures, among others. Additional closures by our tenants of their stores and early terminations by our tenants of their leases could further reduce our cash flows.

Note 8 – Discontinued Operations

In May 2020, because of the COVID-19 pandemic impact, the Company discontinued its restaurant operation division. All restaurant locations have been closed, liquidated and assets disposed. The loss on the disposal of restaurant assets was $1.3 million. The Company guaranteed a term loan to Horizon JR Oshkosh, LLC from Bank First National for $328,762 bearing interest at 5.58% per annum, with a maturity date of February 22, 2022. The loan balance was $43,000 and $63,000, at September 30, 2021 and December 31, 2020, respectively. The Company continues to make payments on the loan per the loan agreement.

During 2020, due to the property not meeting its debt service obligations, The Outlet Shoppes at Fremont, Burlington and Oshkosh and the lender entered an Agreed Order appointing a receiver over the commercial shopping center property. Burlington, Fremont, and Oshkosh are secured by a mortgage to Starwood Mortgage Capital, LLC. The loan is non-recourse to the Company, other than with respect to environmental damages and certain prohibited actions. The Company has reached an agreement with the lender on a form of deed-in-lieu of foreclosure and closed on the transaction on August 26, 2021, when ownership was transferred to the lender. The agreement includes a covenant not to sue by the lender and the Company believes its exposure is limited to the properties which are securing the loan.

Summary financial information of the discontinued operation as of September 30, 2021 and December 31 2020, and for the three and nine months ended September 30, 2021 and 2020, is as follows (in thousands):

HORIZON GROUP PROPERTIES, INC.
Notes to Condensed Consolidated Financial Statements
Nine Months Ended September 30, 2021 and 2020
*(unaudited)*

| | As of September 30, 2021 | As of December 31, 2020 |
|---|---|---|
| **Assets** | | |
| Land | $ - | $ 10,582 |
| Buildings and improvements | - | 42,170 |
| Less accumulated depreciation | - | (14,080) |
| | - | 38,672 |
| Construction in progress | - | 46 |
| Total net real estate | - | 38,718 |
| Cash and cash equivalents | 1 | 1,439 |
| Restricted cash | - | 237 |
| Tenant and other accounts receivable, net | - | 1,142 |
| Deferred costs, net of accumulated amortization | - | 107 |
| Other assets | - | 92 |
| Total assets | $ 1 | $ 41,735 |
| **Liabilities** | | |
| Mortgages and other debt | $ 34 | $ 51,315 |
| Accounts payable and other accrued expenses | - | 2,048 |
| Prepaid rents and other tenant liabilities | - | 401 |
| Total liabilities | $ 34 | $ 53,764 |

HORIZON GROUP PROPERTIES, INC.
Notes to Condensed Consolidated Financial Statements
Nine Months Ended September 30, 2021 and 2020
*(unaudited)*

| | Three Months Ended September 30, 2021 | Three Months Ended September 30, 2020 | Nine Months Ended September 30, 2021 | Nine Months Ended September 30, 2020 |
|---|---|---|---|---|
| **Reconciliation to amount of loss on financials** | | | | |
| **REVENUE** | | | | |
| Base rent | $ 294 | $ 1,341 | $ 1,561 | $ 4,280 |
| Percentage rent | 284 | 216 | 1,193 | 240 |
| Expense recoveries | 110 | 132 | 366 | 410 |
| Restaurant revenue | - | - | - | 540 |
| Other | 19 | 52 | 269 | 179 |
| Interest | - | - | - | - |
| Total revenue | 707 | 1,741 | 3,389 | 5,649 |
| **EXPENSES** | | | | |
| Property operating | 242 | 347 | 990 | 1,087 |
| Real estate taxes | (488) | 261 | 56 | 791 |
| Other operating | (90) | 559 | (140) | 1,065 |
| Depreciation and amortization | 524 | 854 | 2,132 | 2,688 |
| General and administrative | 42 | 293 | 546 | 405 |
| Restaurant operating | - | - | - | 805 |
| Interest | (548) | 612 | 631 | 1,847 |
| Total expenses | (318) | 2,926 | 4,215 | 8,688 |
| Loss (gain) from the disposal of discontinued operations | (12,742) | - | (12,742) | 1,279 |
| Total income (loss) of discontinued operations | 13,767 | (1,185) | 11,916 | (4,318) |
| Less net loss (income) attributable to the noncontrolling interests | 397 | (606) | 341 | (1,427) |
| Total income (loss) of discontinued operations attributable to the Company | $ 13,370 | $ (579) | $ 11,575 | $ (2,891) |