

Consolidated Financial Statements

Horizon Group Properties, Inc.

For the years ended December 31, 2025 and 2024

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Independent Auditor's Report

Board of Directors
Horizon Group Properties, Inc. and Subsidiaries

Opinion

We have audited the accompanying consolidated financial statements of Horizon Group Properties, Inc. and Subsidiaries, which comprise the consolidated balance sheets as of December 31, 2025 and 2024, and the related consolidated statements of operations, stockholders' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Horizon Group Properties, Inc. and Subsidiaries as of December 31, 2025 and 2024, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Horizon Group Properties, Inc. and Subsidiaries and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Horizon Group Properties, Inc. and Subsidiaries' ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Horizon Group Properties, Inc. and Subsidiaries' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Horizon Group Properties, Inc. and Subsidiaries' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Akron, Ohio
March 17, 2026

Cohen & Company Ltd.

HORIZON GROUP PROPERTIES, INC.
Consolidated Balance Sheets

	December 31, 2025	December 31, 2024
	<i>(In thousands)</i>	
ASSETS		
Real estate		
Land	\$ 565	\$ 565
Buildings and improvements	3,411	3,382
Less accumulated depreciation	(1,689)	(1,480)
	2,287	2,467
Construction in progress	3	3
Land held for investment	17,816	23,736
Total net real estate	20,106	26,206
Investment in and advances to joint ventures	23,574	21,915
Investment in and advances to joint ventures, at fair value	51,519	50,951
Cash and cash equivalents	3,979	4,127
Restricted cash	1,834	4,561
Marketable securities, at fair value	4,793	1,967
Tenant and other accounts receivable, net	578	625
Deferred costs, (net of accumulated amortization of \$61 and \$116, respectively)	20	64
Notes receivable	18,130	18,155
Other assets	1,280	865
Total assets	\$ 125,813	\$ 129,436
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Mortgage and other debt (net of unamortized debt issuance costs of \$126 and \$144, respectively)	\$ 12,282	\$ 22,803
Accounts payable and other accrued expenses	10,445	11,256
Prepaid rents and other tenant liabilities	181	156
Total liabilities	22,908	34,215
Commitments and contingencies		
Stockholders' equity:		
Common stock (\$.01 par value, 50,000 shares authorized, 9,799 shares issued and outstanding)	98	98
Preferred stock (\$.01 par value, 50,000 shares authorized, 2 shares issued and outstanding)	-	-
Additional paid-in capital	114,100	114,100
Accumulated deficit	(30,306)	(37,068)
Total stockholders' equity attributable to the controlling interest	83,892	77,130
Noncontrolling interests in consolidated subsidiaries	19,013	18,091
Total stockholders' equity	102,905	95,221
Total liabilities and stockholders' equity	\$ 125,813	\$ 129,436

The accompanying notes are an integral part of these consolidated financial statements.

HORIZON GROUP PROPERTIES, INC.
Consolidated Statements of Operations

	<u>Year Ended</u> <u>December 31, 2025</u>	<u>Year Ended</u> <u>December 31, 2024</u>
<i>(In thousands)</i>		
REVENUE		
Base rent	\$ 431	\$ 469
Expense recoveries	131	121
Management, development, and leasing fees	3,721	4,719
Interest	1,829	1,680
Total revenue	<u>6,112</u>	<u>6,989</u>
EXPENSES		
Property operating	472	609
Real estate taxes	99	104
Other operating	4	10
Depreciation and amortization	264	227
General and administrative	6,177	6,024
Interest	1,199	1,610
Total expenses	<u>8,215</u>	<u>8,584</u>
OTHER INCOME AND EXPENSE		
Income from investment in joint ventures	8,114	8,222
Other income	352	591
Gain from sale of real estate	4,645	841
Total other income	<u>13,111</u>	<u>9,654</u>
Consolidated net income	11,008	8,059
Less net income attributed to the noncontrolling interests	<u>(1,103)</u>	<u>(984)</u>
Net income attributable to the Company	<u>\$ 9,905</u>	<u>\$ 7,075</u>

The accompanying notes are an integral part of these consolidated financial statements.

HORIZON GROUP PROPERTIES, INC.
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, 2025	\$ 98	\$ 114,100	\$ (37,068)	\$ 77,130	\$ 18,091	\$ 95,221
Net income	-	-	9,905	9,905	1,103	11,008
Dividends	-	-	(3,143)	(3,143)	-	(3,143)
Distributions to noncontrolling interests	-	-	-	-	(181)	(181)
Balance, December 31, 2025	<u>\$ 98</u>	<u>\$ 114,100</u>	<u>\$ (30,306)</u>	<u>\$ 83,892</u>	<u>\$ 19,013</u>	<u>\$ 102,905</u>

	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	-	-	7,075	7,075	984	8,059
Dividends	-	-	(5,517)	(5,517)	-	(5,517)
Distributions to noncontrolling interests	-	-	-	-	(518)	(518)
Balance, December 31, 2024	<u>\$ 98</u>	<u>\$ 114,100</u>	<u>\$ (37,068)</u>	<u>\$ 77,130</u>	<u>\$ 18,091</u>	<u>\$ 95,221</u>

The accompanying notes are an integral part of these consolidated financial statements.

HORIZON GROUP PROPERTIES, INC.
Consolidated Statements of Cash Flows

	Year Ended December 31, 2025	Year Ended December 31, 2024
Cash flows provided by operating activities:	<i>(In thousands)</i>	
Net income	\$ 11,008	\$ 8,059
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Operating distributions from joint ventures	4,409	6,276
Income from investment in joint ventures	(8,114)	(8,222)
Gain from sale of real estate	(4,645)	(841)
Depreciation	209	196
Amortization	54	31
Interest expense from deferred finance costs	17	32
Changes in fair value of marketable securities	26	-
Changes in assets and liabilities:		
Tenant and other accounts receivable, net	47	(242)
Deferred costs, net, and other assets	(425)	311
Accounts payable and other accrued expenses	7	1,241
Prepaid rents and other tenant liabilities	25	17
Net cash provided by operating activities	2,618	6,858
Cash flows provided by (used in) investing activities:		
Investment in future developments	-	(126)
Proceeds from sale of marketable securities	859	-
Purchase of marketable securities	(3,711)	(1,967)
Net proceeds from sale of real estate	11,884	1,805
Distributions from joint ventures, return of capital	3,520	2,632
Contributions to joint ventures	(2,042)	(3,844)
Issuances of notes receivable	-	(18,155)
Collections on notes receivable	25	-
Expenditures for real estate	(2,166)	(669)
Net cash provided by (used in) investing activities	8,369	(20,324)
Cash flows provided by (used in) financing activities:		
Distributions to noncontrolling interests	(181)	(518)
Dividends	(3,143)	(5,552)
Net proceeds from borrowing	-	22,248
Principal payments on mortgages and other debt	(10,538)	(1,293)
Deferred finance costs acquired	-	(150)
Net cash provided by (used in) financing activities	(13,862)	14,735
Net increase (decrease) in cash, cash equivalents, and restricted cash	(2,875)	1,269
Cash, cash equivalents, and restricted cash:		
Beginning of year	8,688	7,419
End of year	\$ 5,813	\$ 8,688

The accompanying notes are an integral part of these consolidated financial statements.

HORIZON GROUP PROPERTIES, INC.
Consolidated Statements of Cash Flows, continued

	Year Ended <u>December 31, 2025</u>	Year Ended <u>December 31, 2024</u>
	<i>(In thousands)</i>	
Reconciliation from consolidated statements of cash flows to consolidated balance sheets:		
Cash and cash equivalents	\$ 3,979	\$ 4,127
Restricted cash	<u>1,834</u>	<u>4,561</u>
Cash, cash equivalents, and restricted cash, End of year	<u><u>\$ 5,813</u></u>	<u><u>\$ 8,688</u></u>

The accompanying notes are an integral part of these consolidated financial statements.

HORIZON GROUP PROPERTIES, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1 - Organization and Principles of Consolidation

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 Company conducts operations primarily through a subsidiary limited partnership, Horizon Group Properties, L.P. (“HGP LP”) of which HGPI is the sole general partner. As of December 31, 2025 and 2024, 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 (or for an equivalent cash amount at HGPI’s election).

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. The Company accounts for its investments in entities that do not meet these criteria using the cost or equity methods. The entities referred to herein are consolidated subsidiaries of the Company excluding the entities discussed in Note 4; those entities are accounted for using the equity method of accounting.

Note 2 - Summary of Significant Accounting Policies

Principles of Consolidation

The 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 are eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (“GAAP”) requires management to make estimates and assumptions that affect the amounts reported and disclosed in the financial statements and accompanying notes. Actual results could differ from those estimates that were used and such differences may be material.

Investment in Real Estate

The Company allocates the purchase price of properties to net tangible and intangible assets acquired based on their fair values in accordance with the provisions of GAAP. In making estimates of fair values for purposes of allocating purchase price, the Company utilizes a number of sources, including independent appraisals obtained in connection with the acquisition or financing of the respective property and other market data. The Company also considers information obtained about each property from its pre-acquisition due diligence, marketing, and leasing activities, in estimating the fair value of the tangible and intangible assets acquired.

The Company allocates a portion of the purchase price to above-market and below-market lease values for acquired properties based on the present value (using an interest rate which reflects the risks associated with the leases acquired) of the difference between: (i) the contractual amounts to be paid pursuant to the in-place leases and (ii) management’s estimate of fair market lease rates for the corresponding in-place leases, measured over the remaining non-cancelable term of the lease. In the case of below market leases, the Company considers the remaining contractual lease period and renewal periods, taking into consideration the likelihood of the tenant exercising its renewal options. The capitalized above/below-market lease values (included in Deferred Costs or Prepaid Rents and Other Tenant Liabilities on the consolidated balance sheets) are amortized as either a reduction of, or addition to, rental income over the remaining noncancelable terms of the respective leases. Should a tenant terminate its lease prior to its scheduled expiration, the unamortized portion of the related lease intangibles would be added to income or charged to expense, as applicable.

The Company allocates a portion of the purchase price to the value of leases acquired based on the difference between: (i) the property valued with existing in-place leases adjusted to market rental rates and (ii) the property valued as if vacant. The Company utilizes independent appraisals or its internally developed estimates to determine the respective in-place lease values. The Company makes estimates of fair value using methods similar to those used by independent appraisers. Factors management considers in its analysis include an estimate of carrying costs during the expected lease-up periods considering current market conditions and costs to execute similar leases including leasing commissions, legal and other related expenses.

HORIZON GROUP PROPERTIES, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The value of in-place leases (included in Buildings and Improvements on the consolidated balance sheets) is amortized over the remaining initial terms of the respective leases. Should a tenant terminate its lease prior to its scheduled expiration, the unamortized portion would be charged to expense.

Real Estate and Depreciation

Costs incurred for the acquisition, development, construction and improvement of properties, as well as significant renovations and betterments to the properties, are capitalized. Maintenance and repairs are charged to expense as incurred. Interest costs incurred with respect to qualified expenditures relating to the construction of assets are capitalized during the construction period.

Amounts included under Buildings and Improvements on the consolidated balance sheets include the following types of assets, which are depreciated on the straight-line method over estimated useful lives, which are:

Buildings and improvements	31.5 years
Tenant improvements / origination costs	10 years or lease term, if less
Furniture, fixtures, and equipment	3 – 7 years

In accordance with GAAP, the Company records impairment losses on long-lived assets used in operations when events and circumstances indicate that the assets might be impaired and the undiscounted cash flows estimated to be generated over their expected holding periods are less than the carrying amounts of those assets. For assets held in the portfolio, impairment losses are measured as the difference between carrying value and fair value. For assets to be sold, impairment is measured as the difference between carrying value and fair value, less cost to dispose. Fair value is based upon estimated cash flows discounted at a risk-adjusted rate of interest, comparable or anticipated sales in the marketplace, or estimated replacement cost, as adjusted to consider the costs of retenanting and repositioning those properties which have significant vacancy issues, depending on the facts and circumstances of each property.

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 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 the costs are determined to be non-recoverable.

At December 31, 2025 and 2024, there were no such pre-development costs.

Cash Equivalents

The Company considers all liquid investments with a maturity of three months or less when purchased to be cash equivalents. The Company's cash is held in accounts with balances, which at times, exceed federally insured limits. The Company has not experienced any losses on such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Restricted Cash

Restricted Cash consists of amounts deposited in accounts with the Company's primary lenders in connection with certain loans and funds escrowed to be used as collateral. At December 31, 2025 and 2024, the escrow accounts related to the Company's primary lenders included approximately \$532,000 and \$410,000 in real estate tax, insurance and interest escrows, respectively, and approximately \$1,302,000 and \$4,151,000 for cash collateral accounts, respectively.

HORIZON GROUP PROPERTIES, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Tenant Accounts Receivable and Allowance for Credit Losses

Tenant accounts receivable are uncollateralized tenant obligations due under normal trade terms requiring monthly payment. The Company does not charge interest on unpaid accounts receivable balances. Since the Company's accounts receivables are largely similar, the Company evaluates its allowance for credit losses as one portfolio segment. At each consolidated balance sheet date, the Company recognizes an expected allowance for credit losses. In addition, also at each reporting date, this estimate is updated to reflect any changes in credit risk since the receivable was initially recorded. This estimate is calculated on a pooled basis where similar risk characteristics exist.

The allowance estimate is derived from a review of the Company's historical losses based on the aging of receivables. This estimate is adjusted for management's assessment of current conditions, reasonable and supportable forecasts regarding future events, and any other factors deemed relevant by the Company. The Company believes historical loss information is a reasonable starting point in which to calculate the expected allowance for credit losses.

The Company writes off receivables when there is information that indicates the debtor is facing significant financial difficulty and there is no possibility of recovery. If any recoveries are made from any accounts previously written off, they will be recognized in income or an offset to credit loss expense in the year of recovery, in accordance with the Company's accounting policy election. There were no write-offs for the years ended December 31, 2025 and 2024.

Deferred Costs

Deferred costs consist of fees and direct internal costs incurred to initiate and renew tenant operating leases and are amortized over the life of the lease.

Notes Receivable

Notes receivable are recorded at their principal amount, plus accrued interest when applicable, and are stated net of any allowance for credit losses. The Company evaluates the collectability of notes receivable on an ongoing basis and establishes an allowance for expected credit losses based on historical collection experience, current economic conditions, and management's assessment of the creditworthiness of the individual borrowers (see Note 10).

Interest income on notes receivable is recognized using the effective interest method. If a note becomes impaired, interest income recognition is suspended, and any payments received are applied to principal until the note is considered collectible. Notes are written off when deemed uncollectible. Interest income on related party notes receivable totaled approximately \$1.6 million and \$1.4 million during 2025 and 2024, respectively, and is included in interest income on the consolidated statement of operations (see Note 10).

If applicable, the Company may receive collateral to secure certain notes receivable. In cases where collateral is obtained, management assesses the fair value of the collateral in determining the adequacy of the allowance for credit losses. There were no write-offs for the years ended December 31, 2025 and 2024.

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 from 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. As a result of recording rental revenue on a straight-line basis, tenant accounts receivable include \$21,000 and \$23,000 as of December 31, 2025 and 2024, respectively, which is expected to be collected over the remaining lives of the 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.

HORIZON GROUP PROPERTIES, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 December 31, 2025 and 2024, and for the years 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 consolidated statements of operations. During 2025 and 2024, 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 can significantly influence the operations of the underlying investment, but does not have the ability to 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 investments in Horizon Atlanta and Horizon Louisville (see Note 4). 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 statements 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.

The Company evaluates the recoverability of long-lived assets, including investments in joint ventures, whenever events or changes in circumstances may indicate that the carrying value of the assets are not recoverable or are less than fair value. No such impairment test was deemed necessary during 2025 and 2024.

Marketable Securities

As of December 31, 2025 and 2024, the Company held approximately \$4.8 million and \$2.0 million, respectively in marketable securities that are classified as available-for-sale and are carried at fair value. Unrealized gains and losses, net of taxes, are recorded within accumulated other comprehensive income, a component of stockholders' equity. Realized gains and losses are recorded in other income. The cost of securities sold is based on the specific identification method. At December 31, 2025 and 2024, unrealized gains were immaterial.

HORIZON GROUP PROPERTIES, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Leases

The Company determines if an arrangement is, or contains, a lease at the inception date. In evaluating contracts to determine if they qualify as a lease, the Company considers factors such as if the Company has obtained substantially all of the rights to the underlying asset through exclusivity, if the Company can direct the use of the asset by making decisions about how and for what purpose the asset will be used, and if the lessor has substantive substitution rights. This evaluation may require significant judgment.

Right-of-use (ROU) assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and lease liabilities are recognized at the commencement date based primarily on the present value of lease payments over the lease term. In determining the discount rate used to measure the ROU assets and lease liabilities, the Company uses rates implicit in the lease, when available. If the rate implicit in the lease is not readily available, the Company has elected to use a risk-free rate for all classes of assets. The risk-free rate used is the “U.S. Treasury Bill Rate” in effect at the commencement of the lease for a similar term. The operating lease ROU assets also include any lease payments made at commencement and exclude lease incentives. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option. Lease expense is recognized on a straight-line basis over the lease term.

The Company elected to apply the short-term lease exemption. Under this exemption, ROU assets and lease liabilities are not recognized for leases with an initial term of 12 months or less. There were no short-term leases during 2025 and 2024.

Subsequent Events

Management has evaluated subsequent events through March 17, 2026, the date the 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 December 31, 2025.

<u>Property Name</u>	<u>Location</u>	<u>Property Type</u>	<u>Gross Leasable Area (Sq. Ft.)</u>	<u>Net Carrying Value (in thousands)</u>	<u>Ownership Percentage</u>
Village Green Center	Huntley, IL	Retail	22,204	\$2,182	100.00%
Corporate Office	Chicago, IL	Various	<u>N/A</u>	<u>105</u>	100.00%
	Total		<u>22,204</u>	<u>\$2,287</u>	
			<u>Acres</u>		
Laredo Phase II Land	Laredo, TX	Land	2	\$ 900	60.80%
Land held for Investment	Fruitport, MI	Land	6	156	100.00%
Ridgewalk Land	Woodstock, GA	Land	77	5,507	100.00%
Land Held for Investment	Huntley, IL	Land	<u>286</u>	<u>11,253</u>	100.00%
	Total		<u>371</u>	<u>\$ 17,816</u>	

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 consolidated statements of operations and such parties’ portion of the net equity in such subsidiaries is reported on the Company’s consolidated balance sheets as Noncontrolling interests in consolidated subsidiaries.

HORIZON GROUP PROPERTIES, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 December 31, 2025. In addition, the joint ventures own outparcels and other land for development.

<u>Property Name</u>	<u>Location</u>	<u>Property Type</u>	<u>Leasable Area (Sq. Ft.)</u>	<u>Ownership Percentage</u>
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%
Outlet at the Dells	Baraboo, WI	Outlet Retail	<u>269,315</u>	10.75%
Total			<u>2,398,977</u>	

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 December 31, 2025 and 2024, El Paso Holding was owned 50% by CBL, 25% by Horizon El Paso, LLC (“Horizon El Paso”), 25% by the Company.

At December 31, 2025 and 2024, the Company owned 97.4% of the preferred interests and 92.8% of the common interest in Horizon El Paso.

On September 10, 2018, El Paso Holding and El Paso II refinanced Phase I and Phase II of the shopping center with the proceeds of a \$75 million loan originated by Deutsche Bank. In conjunction with the refinancing, each of El Paso Holding and El Paso II contributed its interest in Phase I and Phase II, respectively, to El Paso Outlet Center CMBS, LLC (“El Paso CMBS”). El Paso CMBS is owned by an entity that is owned by El Paso Holding. Phase I and Phase II of the shopping center secure 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 December 31, 2025 and 2024, was \$65.8 million and \$67.3 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.

El Paso Outlet Outparcels, LLC owns several outparcels (the “Outparcels”). At December 31, 2025 and 2024, 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 Skoien”), 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 (the “Outparcels II”), formed in 2019, owns ancillary land adjacent to the shopping center. At December 31, 2025 and 2024, Outparcels II was owned 50% by CBL and 50% by Horizon El Paso.

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As of December 31, 2025 and 2024, the Company's investment in the entities that own The Outlet Shoppes at El Paso, Outparcels, and Outparcels II exceeded its proportional share of the underlying equity as reflected in the entities financial statements by approximately \$9.8 million and \$10.3 million, respectively. Such difference is primarily related to the increased value in real estate and is being amortized over a period of 30 years.

The Company received management, leasing and similar fees from El Paso Center that totaled \$1.0 million and \$1.5 million during the years ended December 31, 2025 and 2024, respectively.

Summary financial information (stated at 100%) for the El Paso entities as of December 31, 2025 and 2024, and for the years ended December 31, 2025 and 2024, are as follows (in thousands):

	As of December 31, 2025	As of December 31, 2024
Assets		
Real estate - net	\$ 67,101	\$ 69,580
Cash and cash equivalents	1,566	1,014
Restricted cash	3,275	1,408
Other assets	2,992	3,068
Total assets	<u>\$ 74,934</u>	<u>\$ 75,070</u>
Liabilities and members' equity		
Mortgages and other debt	\$ 65,843	\$ 67,330
Other liabilities	3,300	1,404
Members' equity	5,791	6,336
Total liabilities and members' equity	<u>\$ 74,934</u>	<u>\$ 75,070</u>
	Year Ended December 31, 2025	Year Ended December 31, 2024
Statements of Operations		
Revenue	\$ 19,844	\$ 18,563
Operating expenses	5,411	5,230
General and administrative expenses	1,193	1,110
Depreciation and amortization expense	3,823	3,886
Interest expense	3,485	3,559
Total expenses	<u>13,912</u>	<u>13,785</u>
Net income	<u>\$ 5,932</u>	<u>\$ 4,778</u>

Gettysburg Entities

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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 December 31, 2025 and 2024, 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 is 100% owned by 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 matured 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 \$19.4 and \$19.9 million at December 31, 2025 and 2024, respectively. Gettysburg CMBS is in default under the loan agreement by virtue of its failure to pay all amounts due on the maturity date. Gettysburg CMBS has entered a Pre-Negotiation Letter Agreement with LNR Partners, LLC on behalf of the lender as Special Servicer. The Company and CBL are working on an extension with the Special Servicer in the normal course of business. The loan is non-recourse to the Company, other than with respect to environmental damages and certain prohibited actions of which there were none. If the property is foreclosed by the lender, no loss on the disposal of the center is anticipated as the Company carries its investment in Gettysburg CMBS at zero.

Since 2020, the property failed to meet the Debt Service Coverage Ratio which triggers a Sweep Event Period and continues pursuant to the terms of the waiver agreement. During a Sweep Event Period, the borrower is required to establish a Clearing Account under the control of the Lender.

The Company received management, leasing and similar fees from the Gettysburg Entities that totaled \$232,000 and \$235,000 during the years ended December 31, 2025 and 2024, respectively.

Summary financial information (stated at 100%) of the Gettysburg entities as of December 31, 2025 and 2024, and for the years ended December 31, 2025 and 2024, are as follows (in thousands):

	As of December 31, 2025	As of December 31, 2024
Assets		
Real estate - net	\$ 9,673	\$ 9,767
Cash and cash equivalents	166	120
Restricted cash	1,397	1,294
Other assets	860	1,567
Total assets	<u>\$ 12,096</u>	<u>\$ 12,748</u>
Liabilities and members' deficit		
Mortgages and other debt	\$ 19,438	\$ 19,877
Other liabilities	2,961	2,838
Members' deficit	<u>(10,303)</u>	<u>(9,967)</u>
Total liabilities and members' equity	<u>\$ 12,096</u>	<u>\$ 12,748</u>

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	Year Ended December 31, 2025	Year Ended December 31, 2024
Statements of Operations		
Revenue	\$ 5,011	\$ 5,109
Operating expenses	2,916	2,667
General and administrative expenses	436	298
Depreciation and amortization expense	788	1,734
Interest expense	1,205	1,002
Total expenses	5,345	5,701
Net loss	\$ (334)	\$ (592)

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 December 31, 2025 and 2024, the Atlanta JV was owned 50% by CBL, 35% by Horizon Atlanta, and 15% by the Company. At December 31, 2025 and 2024, 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 the Goldman Sachs and Cadence Bank loans. The Atlanta Refinance has a term of 10 years and bears interest at 7.85%. Payments are interest only. The loan balance was \$79.3 million at December 31, 2025 and 2024.

The Company received development, management, leasing, and similar fees from Atlanta JV that totaled \$637,000 and \$966,000 for the years ended December 31, 2025 and 2024, respectively.

Summary financial information (stated at 100%) of the Atlanta entities as of December 31, 2025 and 2024, for the years ended December 31, 2025 and 2024, are as follows (in thousands):

	As of December 31, 2025	As of December 31, 2024
Assets		
Real estate - net	\$ 36,636	\$ 38,539
Cash and cash equivalents	790	877
Restricted cash	622	951
Other assets	3,260	3,259
Total assets	\$ 41,308	\$ 43,626
Liabilities and members' deficit		
Mortgages and other debt	\$ 79,330	\$ 79,330
Other liabilities	1,403	1,325
Members' deficit	(39,425)	(37,029)
Total liabilities and members' deficit	\$ 41,308	\$ 43,626

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	Year Ended December 31, 2025	Year Ended December 31, 2024
Statements of Operations		
Revenue	\$ 17,112	\$ 16,579
Operating expenses	3,685	3,328
General and administrative expenses	775	712
Depreciation and amortization expense	2,594	2,555
Interest expense	6,402	6,419
Total expenses	13,456	13,014
Net income	\$ 3,656	\$ 3,565

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 December 31, 2025 and 2024, the Louisville JV was owned 65% by CBL and 35% by Horizon Louisville Outlets, LLC (“Horizon Louisville”). At December 31, 2025 and 2024, the Company owns 93.69% of the preferred interests and 89.97% of the common interests in 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 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 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 \$0 million and \$63.0 million at December 31, 2025 and 2024, respectively. Bluegrass CMBS 2024 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 October 31, 2024, Bluegrass Outlet Shoppes CMBS 2024, LLC (“Bluegrass CMBS 2024”), which is owned 100% by the Louisville JV obtained a \$66.0 million loan from Goldman Sachs (the “Louisville Refinance”). The Louisville Refinance paid off the previous property loan. The Louisville Refinance has a term of 10 years and bears interest at 6.84%. Payments are \$431,943 per month, based on a 30 year amortization. The Louisville Refinance is secured by a mortgage on The Outlet Shoppes of the Bluegrass and had a balance of \$65.3 million and \$66.0 million at December 31, 2025 and 2024, respectively.

The Company received development, management, leasing, and similar fees from the Louisville JV that totaled \$683,000 and \$793,000 for the years ended December 31, 2025 and 2024, respectively.

Summary financial information (stated at 100%) of the Bluegrass entities as of December 31, 2025 and 2024, and for the years ended December 31, 2025 and 2024, is as follows (in thousands):

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	As of December 31, 2025	As of December 31, 2024
Assets		
Real estate - net	\$ 39,787	\$ 41,498
Cash and cash equivalents	721	568
Restricted cash	1,415	2,198
Other assets	2,654	2,407
Total assets	\$ 44,577	\$ 46,671
Liabilities and members' deficit		
Mortgages and other debt	\$ 65,313	\$ 65,944
Other liabilities	1,064	889
Members' deficit	(21,800)	(20,162)
Total liabilities and members' deficit	\$ 44,577	\$ 46,671

	Year Ended December 31, 2025	Year Ended December 31, 2024
Statements of Operations		
Revenue	\$ 13,302	\$ 12,888
Operating expenses	3,944	3,659
General and administrative expenses	607	565
Depreciation and amortization expense	2,996	3,684
Interest expense	4,643	2,952
Total expenses	12,190	10,860
Net income	\$ 1,112	\$ 2,028

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 December 31, 2025 and 2024, Laredo JV is owned 65% by CBL and 35% by Horizon El Portal, LLC (“Horizon El Portal”). At December 31, 2025 and 2024, the Company owns 95.1%, of Horizon El Portal (see Note 10). Lawrence Friedman is a Class B member and is entitled to 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. As a result, in May 2018, Horizon El Portal and its partner, CBL, made a \$22.4 million principal payment, through capital contribution, on the construction loan. The Horizon El Portal share of the capital contribution was \$7.9 million. In December 2018, a \$5 million principal payment was made, which was funded through capital contribution. Horizon El Portal’s share of the capital contribution was \$1.7 million. 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

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include an interest-only period from April 1, 2020 through June 1, 2020, with principal installments deferred until the maturity date. At December 31, 2025 and 2024, the loan balance was \$31.3 million and \$32.6 million, respectively.

Interest accrues on the loan at LIBOR and 3.50%. Monthly principal payments of \$100,000 began on July 1, 2021. On April 13, 2023, borrower 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 with a \$3.1 million principal paydown, and extending the loan to June 30, 2025. On September 30, 2025, the loan was amended adding a Burlington TI Escrow reserve in the amount of \$1.3 million, and extending the loan to June 30, 2026. The Company also executed a Letter Agreement with CBL dated September 30, 2025, requiring Horizon El Portal to fund the Burlington TI Escrow and any operating deficits through June 30, 2026 arising during this period, but limited to and not in excess of the projected operating deficits set forth in the budget in the amount of \$650,000. During this period, distributable cash is allocated preferentially to the Company under a tiered distribution structure until the Company achieves a 20% internal rate of return on its funding period contributions. On September 30, 2025, the Company made a capital contribution of \$1.4 million to fund the loan closing. On November 20, 2025, the Company made a subsequent capital contribution to fund an operating deficit of \$680,000, which is in excess of the contribution limit but the Company expects to be reimbursed in 2026.

The Company received management, leasing development and similar fees from the Laredo JV that totaled \$368,000 and \$397,000 for the years ended December 31, 2025 and 2024, respectively.

Summary financial information (stated at 100%) of the Laredo JV as of December 31, 2025 and 2024, and for the years ended December 31, 2025 and 2024, is as follows (in thousands):

	As of December 31, 2025	As of December 31, 2024
Assets		
Real estate - net	\$ 33,942	\$ 34,955
Cash and cash equivalents	437	452
Restricted cash	1,187	348
Other assets	1,642	1,811
Total assets	<u>\$ 37,208</u>	<u>\$ 37,566</u>
Liabilities and members' equity		
Mortgages and other debt	\$ 31,380	\$ 32,580
Other liabilities	3,496	3,907
Members' equity	2,332	1,079
Total liabilities and members' equity	<u>\$ 37,208</u>	<u>\$ 37,566</u>

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	Year Ended December 31, 2025	Year Ended December 31, 2024
Statements of Operations		
Revenue	\$ 8,557	\$ 8,732
Operating expenses	4,393	4,129
General and administrative expenses	415	402
Depreciation and amortization expense	1,724	1,762
Interest expense	2,815	2,972
Total expenses	9,347	9,265
Net loss	\$ (790)	\$ (533)

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 December 31, 2025 and 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 December 31, 2025 and 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 \$222,000 and \$200,000 for the year ended December 31, 2025, and the period February 13, 2024 through December 31, 2024, respectively.

Summary financial information (stated at 100%) of the LCO JV as of December 31, 2025 and 2024, and for the year ended December 31, 2025, and the period of February 13, 2024 through December 31, 2024, is as follows (in thousands):

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	As of December 31, 2025	As of December 31, 2024
Assets		
Real estate - net	\$ 29,928	\$ 30,833
Cash and cash equivalents	341	147
Restricted cash	1,315	974
Other assets	2,930	3,772
Total assets	\$ 34,514	\$ 35,726
Liabilities and members' equity		
Mortgages and other debt	\$ 23,163	\$ 23,163
Other liabilities	568	507
Members' equity	10,783	12,056
Total liabilities and members' equity	\$ 34,514	\$ 35,726

	Year Ended December 31, 2025	February 13, 2024 through December 31, 2024
Statements of Operations		
Revenue	\$ 5,500	\$ 5,125
Operating expenses	1,913	1,682
General and administrative expenses	271	251
Depreciation and amortization expense	1,794	2,402
Interest expense	1,762	1,562
Total expenses	5,740	5,897
Net loss	\$ (240)	\$ (772)

Dells Entities

On March 22, 2024, the Company and Dells TIC, LLC (“Dells TIC”), an affiliate of Howard Amster, 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 Owner 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 December 31, 2025 and 2024.

The Company received management, leasing, and similar fees from the Outlet at The Dells that totaled \$313,000 and \$256,000 for the year ended December 31, 2025, and for the period March 22, 2024 through December 31, 2024, respectively.

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Summary financial information (stated at 100%) of the Outlet at The Dells as of December 31, 2025 and 2024, and for the year ended December 31, 2025, and the period of March 22, 2024 through December 31, 2024, respectively, is as follows (in thousands):

	<u>As of</u> <u>December 31, 2025</u>	<u>As of</u> <u>December 31, 2024</u>
Assets		
Real estate - net	\$ 49,040	\$ 50,202
Cash and cash equivalents	355	336
Restricted cash	671	817
Other assets	3,168	4,103
Total assets	<u>\$ 53,234</u>	<u>\$ 55,458</u>
Liabilities and members' equity		
Mortgages and other debt	\$ 36,730	\$ 36,730
Other liabilities	1,091	1,353
Members' equity	15,413	17,375
Total liabilities and members' equity	<u>\$ 53,234</u>	<u>\$ 55,458</u>

	<u>Year Ended</u> <u>December 31, 2025</u>	<u>March 22, 2024</u> <u>through December 31, 2024</u>
Statements of Operations		
Revenue	<u>\$ 7,859</u>	<u>\$ 6,183</u>
Operating expenses	2,650	2,217
General and administrative expenses	402	315
Depreciation and amortization expense	2,573	3,270
Interest expense	2,733	2,139
Total expenses	<u>8,358</u>	<u>7,941</u>
Net loss	<u>\$ (499)</u>	<u>\$ (1,758)</u>

Note 5 - Income Taxes

HGPI is taxable as a corporation under the provisions of Subchapter C of the Internal Revenue Code. There were no net provision for income taxes after the change in the valuation reserve for the years ended December 31, 2025 and 2024.

For federal income tax purposes, HGPI had net operating loss carryforwards (“NOLs”) of approximately \$54.9 million and \$59.5 million at December 31, 2025 and 2024, respectively. Of the \$54.9 million available at December 31, 2025, approximately \$35.6 million are set to expire from 2026 to 2033 and the remainder are available indefinitely.

Deferred income tax liabilities and assets are determined based on the temporary differences between the financial statement and tax basis of assets and liabilities. The components of the Company’s gross deferred tax assets and liabilities are as follows of December 31, 2025 and 2024, (in thousands):

Deferred Tax Assets:	<u>2025</u>	<u>2024</u>
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NOL carryforwards – federal and state	\$12,999	\$13,975
Book basis of liabilities in excess of tax basis:		
Prepaid rental revenue	<u>3</u>	<u>3</u>
Gross deferred tax assets	13,002	13,978
Less: valuation allowance	<u>(4,670)</u>	<u>(4,696)</u>
Gross deferred tax assets	<u>8,332</u>	<u>9,282</u>

Deferred Tax Liabilities:

Book basis of assets in excess of tax basis:		
Fixed/intangible assets	(140)	(129)
Investments in and advances to joint ventures	<u>(8,192)</u>	<u>(9,153)</u>
Gross deferred tax liabilities	<u>(8,882)</u>	<u>(9,282)</u>
Net deferred tax asset	<u>\$ -</u>	<u>\$ -</u>

The valuation allowance related to the net deferred tax assets decreased by approximately \$26,000 and \$783,000 in 2025 and 2024, respectively.

The Company's effective tax rate in 2025 and 2024 is lower than if the federal statutory rate was applied to net income before income tax primarily due to the change in valuation allowance.

Note 6 - Leases

Lessor

Space in the Company's centers is leased to various tenants under operating leases, which are generally for one to five year periods. Some leases contain renewal options and may also provide for the payment of a tenant's share of certain operating expenses. Leases may also obligate a tenant to pay rent based on a percentage of sales in excess of certain thresholds. Minimum future rentals to be received under non-cancelable leases are summarized as follows (in thousands):

2026	\$ 316
2027	274
2028	124
2029	54
2030	23
<i>Thereafter</i>	<u>-</u>
	<u>\$ 791</u>

The above scheduled rentals are subject to the usual business risks associated with collection.

Lessee Operating Leases

The Company maintains operating leases for office spaces. These leases have remaining lease terms expiring through 2026. During 2025 and 2024, the Company had approximately \$205,000 and \$203,000, respectively, of operating lease expense and \$210,000 and \$204,000, respectively, of lease cash payments. At December 31, 2025 and 2024, other information related to the Company's leases consisted of the following:

	<u>2025</u>	<u>2024</u>
Weighted average remaining lease term:	0.92 years	1.86 years
Weighted average discount rate:	1.71%	1.61%

At December 31, 2025, future minimum lease payments under non-cancellable leases are approximately as follows (in thousands):

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2026		\$	165
<i>Thereafter</i>			-
Total undiscounted cash flows			<u>165</u>
Less: Present value discount			<u>(1)</u>
Total lease liabilities		\$	<u><u>164</u></u>

At December 31, 2025 and 2024, lease components included in the consolidated balance sheet consisted of the following (in thousands):

<u>ROU Assets:</u>	<u>2025</u>	<u>2024</u>
Operating ROU Assets (included in Other assets)	<u>\$ 155</u>	<u>\$ 307</u>
<u>Lease Liabilities:</u>		
Operating (included in Accounts payable and other accrued expenses)	<u>\$ 164</u>	<u>\$ 322</u>

Note 7 - Mortgages and Other Debt

Principal Balance as of:
(In thousands)

December 31, 2025 December 31, 2024

Mortgage loan to Village Green Associates, LLC, from Peoples Bank SB, formerly First Personal Bank, (lender) with an interest rate of 6.5%, a maturity date of March 1, 2019, amended and extended to April 1, 2027, with an interest rate of 8.25%, secured by the shopping center in Huntley, Illinois and guaranteed by the Company. On April 1, 2020, the loan was amended in response to the COVID-19 outbreak to include a deferred payment period including principal and interest from April 1, 2020 through June 1, 2020, with deferred principal amounts added to the outstanding principal balance of the loan and due at maturity. The loan will be paid through 59 monthly payments of \$23,633, and 93 monthly payments of \$23,063, including interest, and one balloon payment of \$22,944.

\$ 412 \$ 688

Promissory note of \$7.3 million to Horizon Group Properties, LP, from Pleasant Lake Apts., LP bearing interest at 8.5% and maturing on March 15, 2034. 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 (see Note 10). During 2025, management made discretionary principal repayments of \$4,300. 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. The note is guaranteed by the Company.

2,998 7,298

Promissory note of \$3.0 million to Horizon Group Properties, LP, from Howard Amster bearing interest at 8.5% and maturing on March 15, 2034. Monthly debt service payments are equal to 29.1% of the payments received by the Company from the notes from Gary Skoien and Betty Kimbrew (see Note 10). 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. The note is guaranteed by the Company.

2,999 2,999

Promissory note of \$2.0 million to Huntley Development, LP, from Pleasant Lake

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Apts., LP bearing interest at the rate earned by the WinTrust collateral reserve account and maturing on March 14, 2027. Payments consist of monthly interest payments with a balloon payment on March 14, 2027. The note is guaranteed by the Company	500	2,000
Promissory revolving draw note of \$10 million to Huntley Development, LP, from WinTrust Bank, N.A. bearing interest at SOFR (3.87% and 4.49% at December 31, 2025 and 2024, respectively) plus 3.25% and maturing on March 14, 2027. Payments consist of monthly interest payments. During 2025, principal repayments of \$4,463 were made from permitted sales. The note is guaranteed by the Company and Howard Amster and secured by a mortgage on the 286 acres of land in Huntley, IL.	<u>5,499</u>	<u>9,962</u>
	12,408	22,947
Unamortized debt issuance costs	<u>(126)</u>	<u>(144)</u>
	<u>\$ 12,282</u>	<u>\$ 22,803</u>

Cash interest payments for the years ended December 31, 2025 and 2024, totaled \$1.4 million and \$1.2 million, of which \$861,000 and \$852,000, respectively, was paid to a related party.

Debt Maturities

Debt maturities and principal payments due subsequent to December 31, 2025, are as follows (in thousands):

<u>Due in:</u>		
2026	\$	301
2027		6,109
2028		-
2029		-
2030		-
<i>Thereafter</i>		<u>5,998</u>
Total		<u>\$ 12,408</u>

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.

Huntley Net Profits Interests

Gary J. Skoien was formerly the Executive Vice President and Chief Operating Officer of The Prime Group, Inc. ("Prime Group"). In connection with his employment with Prime Group, Mr. Skoien was previously granted an interest (the "Skoien Net Profits Interest") in the net profits generated by HDLP, an entity which owns approximately 135 usable acres of land in in Huntley, Illinois (the "Huntley Project"). The Company assumed this obligation in connection with the purchase of the Huntley Project from Prime Group. The Skoien Net Profits Interest consists of a 9.675% participation in the Net Cash Flow (as defined in Mr. Skoien's Net Profits Agreement) distributed to the Company (excluding distributions of all amounts contributed or advanced by the Company to the Huntley Project plus interest per the terms of the agreement) from the Huntley Project. There was no liability at December 31, 2025 and 2024.

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Note 8 - Fair Value Measurements

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described as follows:

- Level 1 Inputs are unadjusted quoted prices for identical assets or liabilities in active markets that the Company has the ability to access
- Level 2 Other significant observable inputs including: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; or inputs that are derived principally from or corroborated by observable market data by correlation or other means
- Level 3 Inputs are significant and unobservable (including the Company's own assumptions used to determine value)

The assets' fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used maximize the use of observable inputs and minimize the use of unobservable inputs.

Marketable Securities:

Common Stock: Valued at the closing price reported on the active market on which the individual securities are traded.

Investment in joint ventures: The Company prepares detailed valuations based on their evaluations of financial and operating data, specific operating developments for the investment, market valuations of comparable properties and transactions, changes in key observable inputs, as well as changes in economic and other factors.

At December 31, 2025 and 2024, the Company used a discounted cash flow approach to estimate fair value of joint ventures and considers significant unobservable inputs such as discount rates. The methodologies utilized by the Company to estimate fair value may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Company believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the report date.

Assets measured at fair value by level, in thousands, within the fair value hierarchy, are comprised of the following at December 31, 2025:

<u>Description</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Marketable Securities	\$ 4,793	\$ -	\$ -
Investments in Joint Ventures	\$ -	\$ -	\$ 51,519
Total	<u>\$ 4,793</u>	<u>\$ -</u>	<u>\$ 51,519</u>

Assets measured at fair value by level, in thousands, within the fair value hierarchy, are comprised of the following at December 31, 2024:

<u>Description</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Marketable Securities	\$ 1,967	\$ -	\$ -
Investments in Joint Ventures	\$ -	\$ -	\$ 50,951
Total	<u>\$ 1,967</u>	<u>\$ -</u>	<u>\$ 50,951</u>

Following is a reconciliation of activity, in thousands, for the years ended December 31, 2025 and 2024, for the fair

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value of the Company’s Level 3 assets:

	<u>2025</u>	<u>2024</u>
Balance, beginning of year	\$ 50,951	\$ 51,415
Unrealized gains	4,977	5,812
Contributions	-	-
Distributions	<u>(4,409)</u>	<u>(6,276)</u>
Balance, end of year	<u>\$ 51,519</u>	<u>\$ 50,951</u>

Quantitative information about the Company’s Level 3 inputs for the years ended December 31, 2025 and 2024, are as follows:

<u>Valuation Technique</u>	<u>Significant Unobservable Inputs</u>
Discounted cash flow approach	Discount rate – 9.75% at 12/31/25 and 12/31/24 Terminal capitalization rate – 7.50% at 12/31/25 and 12/31/24 Market rent growth rate – 2.75% at 12/31/25 and 12/31/24

Note 9 – Preferred Equity

On October 1, 2022, the Company issued 1,000 shares of Series A Preferred Stock to PL Skoien and 1,000 shares of Series B Preferred stock to PLA in exchange for 100% ownership of PLS-Exchange, LLC (“PLS-X”) to which they 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 contributed economic interests listed above will be distributed to PL-Skoien and PLA 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. At December 31, 2025 and 2024, total stockholders’ equity was \$83.9 million and \$77.1 million, respectively, of which \$30.7 million and 30.0 million, respectively, were attributable to preferred equity through ownership of PLS-X. Dividends paid for the years ended December 31, 2025 and 2024, totaled \$3.1 million and \$4.5 million, respectively.

Note 10 - Related Party Transactions

At December 31, 2025 and 2024, PLA owned 11.75%, of El Paso Outparcels, and 100% of Dells TIC.

At December 31, 2025 and 2024, PL Skoien, owned 4.9167%, of El Paso Outparcels.

At December 31, 2025 and 2024, Gary Skoien, owns 56% of LCO JV.

At December 31, 2025 and 2024, David Tinkham, an officer of the Company, owned 1.27% of Horizon Atlanta, and 3.24% of Horizon Louisville.

At December 31, 2025 and 2024, 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

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continue to be adjusted associated with the Company's fair value election on these investments discussed in Note 1. As of December 31, 2025 and 2024, the Net Profits Interest liability approximated \$6.8 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 Rumpitz and Andrew Pelmoter, respectively; (3) Horizon Atlanta, - 1.25%, 1.25%, 1.25% and .0375% to Messrs. Skoien, Rumpitz, Pelmoter and James Harris, respectively, (4) Horizon Louisville, - 1.25%, 1.25%, 1.25% and .0375% to Messrs. Skoien, Rumpitz, Pelmoter and Harris, respectively, and (5) Horizon El Portal, - 1.52%, 1.52%, 1.22% and .61% to Messrs. Skoien, Pelmoter, Rumpitz and Harris, respectively.

On February 7, 2024, the Company made an unsecured loan to Gary Skoien in the amount of \$7.6 million. The related unsecured note payable by Mr. Skoien has a term of 10 years and bears interest at 8.5%. Monthly 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 shall be applied to reduce principal. The loan balance was \$7.6 million at December 31, 2025 and 2024.

On February 7, 2024, the Company made an unsecured loan to Betty Kimbrew in the amount of \$2.8 million. The related unsecured 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 shall be applied to reduce principal. The loan balance was \$2.8 million at December 31, 2025 and 2024.

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 shall be applied to reduce principal. On March 28, 2025, the Company made a principal reduction payment in the amount of \$3.3 million. On April 2, 2025 and July 8, 2025, the Company made subsequent principal reduction payments in the amount of \$500,000. At December 31, 2025 and December 31, 2024, the loan balance was \$3.0 million and \$7.3 million, respectively.

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 shall be applied to reduce principal. The loan balance was \$3.0 million at December 31, 2025 and 2024.

On March 14, 2024, the Company made an unsecured loan to Laughlin Holdings, LLC, an affiliate 100% owned by Howard Amster, in the amount of \$7.7 million. The related unsecured note receivable has a term of 3 years and bears interest at SOFR plus 4.25%. Payments are interest only through the maturity date. The loan balance was \$7.7 million at December 31, 2025 and 2024.

Note 11 – Subsequent Events

On February 20, 2026, the trustee for the Gettysburg CMBS loan filed a mortgage foreclosure action. In connection with the foreclosure action, the lender has sought the appointment of a receiver to operate and manage the property during the pendency of proceedings. The Company is evaluating its position with respect to the foreclosure action. Given the non-recourse nature of the loan, the Company does not currently anticipate additional obligations.