Consolidated Financial Statements

Horizon Group Properties, Inc.

For the years ended December 31, 2014 and 2013

Horizon Group Properties, Inc.

Consolidated Financial Statements

For the years ended December 31, 2014 and 2013

Contents

TO THE BOARD OF DIRECTORS
HORIZON GROUP PROPERTIES, INC.

Independent Auditors' Report

We have audited the accompanying consolidated financial statements of Horizon Group Properties, Inc. ("the Company") and subsidiaries, which comprise the consolidated balance sheets as of December 31, 2014 and 2013, 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.

Management's Responsibility 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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, 2014 and 2013, 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.

Cohen & Company Ltd.

April 17, 2015
Cleveland, Ohio

HORIZON GROUP PROPERTIES, INC.
Consolidated Balance Sheets
(In thousands)

	December 31, 2014	December 31, 2013
ASSETS		
Real estate – at cost:		
Land	$18,334	$ 18,547
Buildings and improvements	57,470	55,759
Less accumulated depreciation	(16,042)	(13,777)
	59,762	60,529
Construction in progress	1,281	397
Land held for investment	18,253	18,324
Total net real estate	79,296	79,250
Investment in and advances to joint ventures	5,359	13,066
Cash and cash equivalents	2,930	3,164
Restricted cash	2,353	1,927
Tenant and other accounts receivable, net	1,115	1,607
Deferred costs (net of accumulated amortization of $558 and $372, respectively)	384	196
Other assets	1,789	830
Total assets	$93,226	$100,040
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Mortgages and other debt	$60,980	$ 64,161
Accounts payable and other accrued expenses	4,435	4,083
Prepaid rents and other tenant liabilities	400	382
Total liabilities	65,815	68,626
Commitments and contingencies		
Stockholders' equity:		
Common shares ($.01 par value, 50,000 shares authorized 4,668 and 4,663 issued and outstanding, respectively)	47	47
Additional paid-in capital	37,046	36,865
Accumulated deficit	(21,548)	(21,926)
Total stockholders' equity attributable to the controlling interest	15,545	14,986
Noncontrolling interests in consolidated subsidiaries	11,866	16,428
Total stockholders' equity	27,411	31,414
Total liabilities and stockholders' equity	$93,226	$100,040

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

HORIZON GROUP PROPERTIES, INC.
Consolidated Statements of Operations
(In thousands)

	Year ended December 31, 2014	Year ended December 31, 2013
REVENUE		
Base rent	$ 8,581	$ 8,695
Percentage rent	551	410
Expense recoveries	1,001	960
Other	6,973	8,427
Total revenue	17,106	18,492
EXPENSES		
Property operating	3,017	2,477
Real estate taxes	1,299	1,407
Other operating	662	429
Depreciation and amortization	2,629	2,470
General and administrative	9,221	9,066
Interest	3,902	4,089
Total expenses	20,730	19,938
Income from investment in joint ventures	4,964	3,812
Consolidated net income before gain on sale of real estate and investment in joint venture	1,340	2,366
Gain on sale of real estate and investment in joint venture	3,430	681
Consolidated net income	4,770	3,047
Less net income attributable to the noncontrolling interests	(4,403)	(2,324)
Net income attributable to the Company	$ 367	$ 723

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

HORIZON GROUP PROPERTIES, INC.

Consolidated Statements of Stockholders' Equity

(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, 2014	$47	$36,865	$(21,926)	$14,986	$16,428	$31,414
Net income	-	-	367	367	4,403	4,770
Purchase of minority interest in El Portal Center	-	11	-	11	(1,736)	(1,725)
Other	-	170	11	181		181
Distributions to noncontrolling interests - net	-	-	-	-	(7,229)	(7,229)
Balance, December 31, 2014	$47	$37,046	$(21,548)	$15,545	$11,866	$27,411

	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, 2013	$29	$34,853	$(22,649)	$12,233	$14,460	$26,693
Net income	-	-	723	723	2,324	3,047
Common units granted to officer	-	-	-	-	112	112
Stock issued	18	2,012	-	2,030	-	2,030
Distributions to noncontrolling interest - net	-	-	-	-	(468)	(468)
Balance, December 31, 2013	$47	$36,865	$(21,926)	$14,986	$16,428	$31,414

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

HORIZON GROUP PROPERTIES, INC.
Consolidated Statements of Cash Flows
(In thousands)

	Year Ended December 31, 2014	Year Ended * December 31, 2013
Cash flows from (used in) operating activities:		
Net income attributable to the Company	$ 367	$ 723
Adjustments to reconcile net income attributable to the Company to net cash provided by (used in) operating activities:		
Gain on sale of real estate and investment in joint ventures	(3,430)	(681)
Net income attributable to the noncontrolling interests	4,403	2,324
Income from investment in joint ventures	(4,964)	(3,812)
Common units granted to officer	-	112
Depreciation	2,443	2,490
Amortization, including deferred financing costs	186	157
Disposal of abandoned development	-	805
Changes in assets and liabilities:		
Restricted cash	(426)	241
Tenant and other accounts receivable	492	(64)
Deferred costs and other assets	(349)	(349)
Accounts payable and other accrued liabilities	352	1,215
Prepaid rents and other tenant liabilities	18	(361)
Net cash provided by (used in) operating activities	(908)	2,800
Cash flows from (used in) investing activities:		
Investments in joint ventures	(101)	(6,078)
Distributions from joint ventures	12,772	9,676
Investment in future developments	(984)	(737)
Cash deconsolidated with Louisville development	-	(223)
Increase in participation interests and partner loans	-	1,787
Net proceeds from sale of real estate	3,960	-
Expenditures for buildings and improvements	(3,016)	(4,454)
Net cash provided by (used in) investing activities	12,631	(29)
Cash flows used in financing activities:		
Distributions to noncontrolling interests	(8,181)	(4,641)
Contributions from noncontrolling interests	952	4,173
Principal payments on mortgages and other debt	(5,507)	(7,131)
Proceeds from borrowings	601	2,700
Stock issued	178	2,030
Net cash used in financing activities	(11,957)	(2,869)
Net decrease in cash and cash equivalents	(234)	(98)
Cash and cash equivalents:		
Beginning of year	3,164	3,262
End of year	$ 2,930	$ 3,164

** Reclassified to conform with current year presentation.*

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

HORIZON GROUP PROPERTIES, INC.

Consolidated Statements of Cash Flows, continued

(In thousands)

	Year ended December 31, 2014	Year ended December 31, 2013
Supplemental Information		

The following represents supplemental disclosure of noncash activity for the disposal of fully depreciated or amortized assets during the years ended December 31, 2014 and 2013

Buildings and improvements	$39	$ 114
Deferred costs	-	270
	$39	$ 384

The following represents supplemental disclosure of noncash activity for the de-consolidation of the assets and liabilities of the Louisville Joint Venture on May 6, 2013 (see Note 4):

Construction in progress	$ 4,001
Cash	223
Other assets	151
Accounts payable and other accrued expenses	(575)
Participation interest and other liabilities	(2,850)
Investment in joint venture	$ 950

The following represents supplemental disclosure of noncash activity for the disposal of the assets and liabilities of 5000 Hakes Drive, LLC on February 2, 2013 (see Note 9):

Land	$ 35
Buildings and improvements	2,860
Accumulated depreciation	(1,375)
Other assets	29
Mortgage and other liabilities	(2,230)
Gain on sale of real estate	$ (681)

The following represents supplemental disclosure of noncash activity for the purchase of the minority interest in El Portal Center (see note 11) during the year ended December 31, 2014

Mortgages and other debt	$ 1,725
Additional paid in capital	11
Noncontrolling interests in consolidated subsidiaries	$(1,736)

The accompanying notes are an integral part of these 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 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 December 31, 2014 and 2013, HGPI owned approximately 78.7% and 78.6%, respectively, 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 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 cost or equity methods. 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 or the cost method, as indentified.

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 have been 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.

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 that may be 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 as a result of 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 net book value of capitalized above/below-market lease values was approximately $15,000 and $22,000 at December 31, 2014 and 2013, respectively.

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's estimates of value are made 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.

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. The net book value of in-place leases was approximately $46,000 and $80,000 at December 31, 2014 and 2013, respectively.

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.

Restaurant Operations

Costs incurred for the acquisition, development, construction and improvement of restaurants are capitalized. Inventory is included in other assets. Operating revenue is included in other revenue and operating expenses are included in property operating, and general and administrative expenses.

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 these costs are determined to be non-recoverable. In December of 2013, costs totaling approximately $805,000 related to an abandoned project were expensed in general and administrative expense. There was no similar expense in 2014.

At December 31, 2014, predevelopment costs classified as Other Assets and Construction in Progress included projects in Hartford, Connecticut, Laredo, Texas, and Malaysia and totaled $1.3 million and $1.2 million, respectively. At December 31, 2013, predevelopment costs classified as Other Assets and Construction in Progress totaled $343,000 and $397,000, respectively.

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 (i) in accounts with the Company's primary lenders in connection with certain loans (see Note 9), and (ii) in escrow accounts for infrastructure and interest payments in Huntley. At December 31, 2014 and 2013, the escrow accounts related to the Company's primary lenders included approximately $744,000 and $42,000 in capital improvement and tenant allowance reserves, respectively, $520,000 and $748,000 in real estate tax and insurance escrows, respectively, and approximately $448,000 and $496,000 for cash collateral accounts, respectively. At December 31, 2014 and 2013, the Huntley interest, infrastructure and expense escrow accounts totaled $641,000.

Tenant Accounts Receivable

Management regularly reviews accounts receivable and estimates the necessary amounts to be recorded as an allowance for uncollectability. These reserves are established on a tenant-specific basis and are based upon, among other factors, the period of time an amount is past due and the financial condition of the obligor.

At December 31, 2014 and 2013, total tenant accounts receivable is reflected net of reserves of $105,000 and $383,500, respectively. The provision for doubtful accounts was $35,000 and $385,000 for the years ended December 31, 2014 and 2013, respectively. This charge is included in the line items entitled "Other operating" and "General and administrative" in the consolidated statements of operations.

Deferred Costs

Deferred leasing costs consist of fees and direct internal costs incurred to initiate and renew operating leases, as well as allocated purchase price related to above and below market lease values, and are amortized on the straight-line method over the initial lease term or renewal period. Deferred financing costs are amortized as interest expense over the life of the related debt.

Revenue Recognition

Leases with tenants are accounted for as operating leases. 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 $260,000 and $224,000 as of December 31, 2014 and 2013, respectively, which is expected to be collected over the remaining lives of the leases. Rents which 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.

Other Revenue

Other revenue consists of income from management, leasing and development agreements, income from tenants with lease terms of less than one year and restaurant income.

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, 2014 and 2013, 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 2014 and 2013, the Company did not incur any interest or penalties. The Company is not subject to examination by U.S. federal tax authorities for tax years before 2011.

Subsequent Events

Management has evaluated events through April 10, 2015, the date the consolidated financial statements were available to be issued.

Note 3 - Investment in Real Estate and Restaurants

The following table contains information on the operating properties, restaurants, and land held for investment owned by the Company and for which the Company consolidates the results of operations and the assets and liabilities as of December 31, 2014.

Property Name	Location	Property Type	Gross Leasable Area (Sq. Ft.)	Net Carrying Value (in thousands)	Ownership Percentage
The Outlet Shoppes at Burlington	Burlington, WA	Outlet Retail	174,260	$10,084	51.0%
The Outlet Shoppes at Fremont	Fremont, IN	Outlet Retail	228,922	10,270	51.0%
The Outlet Shoppes at Oshkosh	Oshkosh, WI	Outlet Retail	270,512	24,827	51.0%
El Portal Center	Laredo, TX	Retail	345,106	10,850	60.8%
Village Green Shopping Center	Huntley, IL	Retail	22,204	2,380	100.0%
Johnny Rockets	Oshkosh, WI	Restaurant	N/A	755	100.0%
Johnny Rockets	Woodstock, GA	Restaurant	N/A	533	100.0%
Corporate Assets	Norton Shores, MI	Miscellaneous	-	63	100.0%
	Total		**1,041,004**	**$59,762**	

			Acres		
Land Held for Investment	Fruitport, MI	Land	14	$ 389	100.0%
Land Held for Investment	Huntley, IL	Land	383	17,864	100.0%
	Total		**397**	**$ 18,253**	

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.

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, 2014. 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	10.29%
The Outlet Shoppes at Oklahoma City	Oklahoma City, OK	Outlet Retail	394,661	8.71%
The Outlet Shoppes at Gettysburg	Gettysburg, PA	Outlet Retail	249,937	19.06%
The Outlet Shoppes at Atlanta	Woodstock, GA	Outlet Retail	371,238	12.08%
The Outlet Shoppes of the Bluegrass	Louisville, KY	Outlet Retail	374,046	15.64%
Total			**1,822,927**	

El Paso Entities

The Company owned 45.0% of the preferred interests and 41.2% of the common interests in Horizon El Paso, LLC ("Horizon El Paso"), which owned a 25% joint venture interest in El Paso Outlet Center Holding, LLC ("El Paso Holding"), at December 31, 2014 and 2013, respectively. El Paso Holding owns an entity that owns an approximate 380,000 square foot outlet shopping center in El Paso, TX (the "El Paso Center"). Horizon El Paso owns a 25% joint venture interest in El Paso Outlet Center II, LLC, which owns expansion land for the shopping center (the "Expansion Land"). Horizon El Paso owns a 50% joint venture interest in El Paso Outlet Outparcels, LLC which owns several outparcels and ancillary land adjacent to the shopping center (the "Outparcels").

The shopping center owned by El Paso Center secures a loan originated by NATIXIS Commercial Mortgage Funding, LLC which had a principal balance of $64.5 million and $65.4 million at December 31, 2014 and 2013, respectively, bears interest at 7.06%, requires principal payments over a 30-year amortization schedule and is due December 5, 2017.

During August 2014, an additional 54,090 square feet of retail space, which is owned by El Paso Outlet Center II Expansion, LLC, was opened. El Paso Outlet Center II Expansion is 100% owned by El Paso Outlet Center II, LLC, which is owned 25% by Horizon El Paso and 75% by CBL & Associates Properties, Inc. ("CBL"). The construction was financed by a 48 month construction loan with an interest rate of LIBOR plus 2.75%. The loan balance at December 31, 2014 was $5.1 million.

The Company received management, leasing and similar fees from El Paso Center that totaled $1.0 million and $865,000 during the years ended December 31, 2014 and 2013, respectively.

Distributions in excess of the Company's net investments in entities accounted for using the equity method are recognized as income if the Company is not obligated to make future contributions to those entities or budgeted capital contributions that would require the return of such excess distributions. Such distributions are included in Income from Investment in Joint Ventures on the consolidated statements of operations. During the year ended December 31, 2013, income recognized from distributions in excess of equity investments in the El Paso Entities totaled $448,000. There were no similar amounts recognized for the year ended December 31, 2014.

Summary financial information (stated at 100%) for the El Paso Entities as of December 31, 2014 and 2013, and for the years ended December 31, 2014 and 2013, are as follows (in thousands):

	As of December 31, 2014	As of December 31, 2013
Assets		
Real estate - net	$103,392	$102,189
Cash and cash equivalents	1,673	628
Restricted cash	4,324	4,862
Other assets	3,279	3,181
Total assets	$112.668	$110,860
Liabilities and members' equity		
Mortgages and other debt	$ 69,566	$ 65,466
Other liabilities	3,260	4,596
Members' equity	39,842	40,798
Total liabilities and members' equity	$112,668	$110,860

	Year Ended December 31, 2014	Year Ended December 31, 2013
Statements of Operations		
Revenue	$14,255	$14,300
Operating expenses	2,875	4,970
Depreciation and amortization expense	4,001	3,942
General and administrative expenses	1,092	1,184
Interest expense	5,015	5,010
Total expenses	12,983	15,106
Net income (loss)	$ 1,272	$ (806)

Oklahoma City Entities

In October 2010, the Company formed OKC JV, LLC (the "OKC Joint Venture") with an affiliate of CBL to develop The Outlet Shoppes at Oklahoma City. The Company formed a subsidiary entity ("Horizon OKC") to be CBL's partner in the OKC Joint Venture. Horizon OKC owns 25% of OKC Joint Venture. The Company leases and manages The Outlet Shoppes at Oklahoma City, which opened in August 2011.

In December 2011, the OKC Joint Venture obtained a $60.0 million loan from an affiliate of Goldman Sachs (the "OKC Loan"). The OKC Loan has a term of 10 years maturing March 2021, bears interest at 5.73% and requires amortization based on a 25-year schedule. The OKC Loan is secured by a mortgage on The Outlet Shoppes at Oklahoma City. The loan is generally non-recourse. The Company and an affiliate of CBL have entered into guaranties to the lender with respect to certain environmental issues and customary "bad-boy" acts. The majority of the proceeds of the OKC Loan were used to repay the construction loan from US Bank related to the project.

During 2012, an additional 27,986 square feet of retail space, which is owned by OK City Outlets II, LLC (OKC II), was developed at The Outlet Shoppes at Oklahoma City. OKC II is owned by OKC Joint Venture. OKC II opened in November of 2012. OKC II secures a mortgage loan from US Bank with a principal balance of $5.9 million at December 31, 2014. The loan term is 5 years, plus 2 one-year extension options and bears interest at LIBOR plus 2.75%.

During 2014, an additional 18,237 square feet of retail space, which is owned by OK City Outlets III, LLC (OKC III) was developed at The Outlet Shoppes at Oklahoma City. OKC III is owned by OKC Joint Venture. OKC III secures a construction loan with a maximum balance of $5.4 million and a principal balance of $2.6 million at December 31, 2014. The loan term is 5 years, plus 2 one year extension options, bears interest at LIBOR plus 2.75% and is guaranteed by CBL & Associates Limited Partnership until construction is completed and OKC III is 90% occupied.

The Company has voting control over Horizon OKC and owns, directly and indirectly, approximately 34% of the preferred interests in Horizon OKC. The other preferred members include Somerset, L.P., and Pleasant Lake Apts. Limited Partnership ("PLA LP") (affiliates of Howard Amster), and Gary Skoien and Andrew Pelmoter. Howard Amster is a significant shareholder and director of the Company. The Company also granted common interests in Horizon OKC (the "OKC Net Profits Interests") to Gary Skoien, Thomas Rumptz and Andrew Pelmoter, all officers of the Company. Holders of the OKC Net Profits Interests are not entitled to any distributions until the holders of the preferred interests have received a return of their capital plus interest thereon calculated at an annual rate of 12.0%, compounded quarterly. The Company consolidates the results of operations and the assets and liabilities of Horizon OKC which uses the equity method to account for its investment in the OKC Joint Venture.

The Company received development, leasing, management and consulting fees from the OKC Joint Venture that totaled $654,000 and $383,000 during the years ended December 31, 2014 and 2013, respectively.

Distributions in excess of the Company's net investments in entities accounted for using the equity method are recognized as income if the Company is not obligated to make future contributions to those entities or budgeted capital contributions that would require the return of such excess distributions. Such distributions are included in Income from Investment in Joint Ventures on the consolidated statements of operations. During the year ended December 31, 2014, income recognized from distributions in excess of equity investments in the Oklahoma City Entities totaled $870,000. There were no similar amounts recognized for the year ended December 31, 2013.

Summary financial information (stated at 100%) of the OKC Joint Venture as of December 31, 2014 and 2013, and for the years ended December 31, 2014 and 2013 are as follows (in thousands):

	As of December 31, 2014	As of December 31, 2013
Assets		
Real estate - net	$57,675	$60,237
Cash and cash equivalents	649	990
Restricted cash	591	446
Other assets	3,779	3,773
Total assets	$62,694	$65,446
Liabilities and members' equity (deficit)		
Mortgages and other debt	$65,051	$62,820
Other liabilities	1,134	1,273
Members' equity (deficit)	(3,491)	1,353
Total liabilities and members' equity (deficit)	$62,694	$65,446

	Year Ended December 31, 2014	Year Ended December 31, 2013
Statement of Operations		
Revenue	$12,646	$12,328
Operating expenses	2,993	2,786
Depreciation and amortization expense	5,296	5,292
General and administrative expenses	470	531
Interest expense	3,626	3,602
Total expenses	12,385	12,211
Gain on sale of land	488	-
Net income	$ 749	$ 117

Gettysburg Entities

On April 17, 2012, an entity owned by an affiliate of CBL and an affiliate of Howard Amster and Gary Skoien acquired 62.63% ownership in Gettysburg Outlet Center Holding, LLC and Gettysburg Outlet Center LLC (the Gettysburg entities). The Company owns 19.06% of the Gettysburg entities and Bright Horizons, an affiliate of Howard Amster, owns the remaining 18.31% interest in the Gettysburg 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 Company uses the equity method of accounting with respect to the Gettysburg entities.

The shopping center secures a mortgage loan originated by Column Financial, Inc., in the original principal amount of $43.75 million, bearing interest at 5.87%, due February 11, 2016. The current balance is $38.7 million

The Company received management, leasing and similar fees from the Gettysburg Entities that totaled $319,000 and $344,000 during the years ended December 31, 2014 and 2013 respectively.

Summary financial information (stated at 100%) of the Gettysburg entities as of December 31, 2014 and December 31, 2013, for the years ended December 31, 2014, and 2013 are as follows (in thousands):

	As of December 31, 2014	As of December 31, 2013
Assets		
Real estate-net	$44,078	$45,244
Cash and cash equivalents	389	166
Restricted cash	937	1,072
Other assets	1,072	2,016
Total assets	$46,476	$48,498
Liabilities and members' equity		
Mortgages and other debt	$38,659	$39,437
Other liabilities	1,052	994
Members' equity	6,765	8,067
Total liabilities and members' equity	$46,476	$48,498

	Year Ended December 31, 2014	Year Ended December 31, 2013
Statements of Operations		
Revenue	$ 6,260	$6,831
Operating expenses	3,075	2,331
Depreciation and amortization expense	1,625	1,607
General and administrative	334	388
Interest expense	2,384	2,429
Total expenses	7,418	6,755
Net income (loss)	$ (1,158)	$ 76

Atlanta Entities

On May 11, 2012, the Company entered into a joint venture (the "Atlanta JV") with an affiliate of CBL and began the development of an outlet center in Woodstock, Georgia to be named The Outlet Shoppes at Atlanta. The

Company formed a subsidiary entity, Horizon Atlanta Outlet Shoppes, LLC (Horizon Atlanta) to be CBL's partner in Atlanta JV. 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. Atlanta JV purchased approximately 50 acres of land for the project from Ridgewalk Holding, LLC ("Holding"). Ridgewalk Property Investments, LLC ("RPI") is the managing member of Holding. Horizon Atlanta owns 25% of Atlanta JV and CBL owns 75% of Atlanta JV. The Company and CBL are co-developers of the project; 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 proceeds from the Atlanta Loan were used to repay the construction 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.

On December 19, 2014, the Atlanta JV obtained a construction loan with a maximum balance of $2,435,000 from US Bank. The loan, guaranteed by CBL, bears interest at LIBOR plus 2.5% and is due on or before December 19, 2019. Proceeds will be used to construct a strip center at The Outlet Shoppes at Atlanta.

The Company and an affiliate of CBL are also joint venture partners in an entity ("Woodstock GA Investments") that lent RPI $6.0 million, which was contributed to Holding and, together with the proceeds from the sale of the parcel to Atlanta JV, were used to retire a loan secured by the land owned by Holding. In connection with its loan to RPI, Woodstock GA Investments acquired an equity interest in RPI that is entitled to 30% of the economic interest in Holding. After the sale of the parcel to Atlanta JV, Holding owns approximately 123 acres of vacant land near The Outlet Shoppes at Atlanta.

In December of 2013, the Company met return of investment and internal rate of return criteria stipulated in the joint venture agreement; therefore, the Company's share of future distributions increased from 25% to 35%.

The Company received development, management, leasing, and similar fees from Atlanta JV that totaled $419,000 and $3.3 million for the years ended December 31, 2014 and 2013, respectively.

Distributions in excess of the Company's net investments in entities accounted for using the equity method are recognized as income if the Company is not obligated to make future contributions to those entities or budgeted capital contributions that would require the return of such excess distributions. Such distributions are included in Income from Investment in Joint Ventures on the consolidated statements of operations. During the years ended December 31, 2014 and 2013, income recognized from distributions in excess of equity investments in the Atlanta Entities totaled $829,000 and $2.6 million, respectively.

Summary financial information (stated at 100%) of the Atlanta entities as of December 31, 2014 and 2013, for the years ended December 31, 2014, and 2013 are as follows (in thousands):

	As of December 31, 2014	As of December 31, 2013
Assets		
Real estate-net	$62,860	$62,833
Cash and cash equivalents	1,035	1,620
Restricted cash	1,426	6,358
Other assets	9,564	8,649
Total assets	$74,885	$79,460
Liabilities and members' deficit		
Mortgages and other debt	$79,149	$79,902
Other liabilities	923	1,371
Members' deficit	(5,187)	(1,813)
Total liabilities and members' deficit	$74,885	$79,460

Statement of Operations	Year Ended December 31, 2014	Year Ended December 31, 2013
Revenue	$15,293	$6,048
Operating expenses	3,959	892
Depreciation and amortization expense	4,233	1,462
General and administrative	512	254
Interest expense	3,971	1,914
Total expenses	12,675	4,522
Gain on sale of land	271	1,182
Net income	$ 2,889	$2,708

Louisville Entities

On May 6, 2013, the Company entered into a joint venture (the "Louisville JV") with an affiliate of CBL and began the development of an outlet center in Louisville, Kentucky to be named The Outlet Shoppes of the Bluegrass. The Company formed a subsidiary entity (Horizon Louisville) to be CBL's partner in the Louisville JV. On May 7, 2013, Horizon Louisville exercised its option to increase its ownership of the Louisville JV from 25% to 35%.

On November 24, 2014, the Louisville JV obtained a $77.5 million loan from JP Morgan (the "Louisville Loan"). The proceeds from the Louisville Loan were used to repay the construction 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 The Outlet Shoppes of the Bluegrass.

Prior to the formation of the Louisville JV, the Company consolidated the results of operations and the assets and liabilities of the Louisville JV; for periods after the conversion, the Company uses the equity method of accounting with respect to the Louisville JV. There was no significant operating activity for the Louisville JV for the period ended December 31, 2013.

The Company received development, management, leasing, and similar fees from the Louisville JV that totaled $2.6 million and $2.7 million for the years ended December 31, 2014 and 2013, respectively.

Distributions in excess of the Company's net investments in entities accounted for using the equity method are recognized as income if the Company is not obligated to make future contributions to those entities or budgeted capital contributions that would require the return of such excess distributions. Such distributions are included in Income from Investment in Joint Ventures on the consolidated statements of operations. During the year ended December 31, 2014, income recognized from distributions in excess of equity investments of the Louisville Entities totaled $1.2 million. There were no similar amounts recognized for the year ended December 31, 2013.

Summary financial information (stated at 100%) of the Louisville entities as of December 31, 2014 and 2013, and for the year ended December 31, 2014 is as follows (in thousands):

	As of December 31, 2014	As of December 31, 2013
Assets		
Real estate-net	$65,524	$23,974
Cash and cash equivalents	2,114	-
Restricted cash	4,156	-
Other assets	4,410	16
Total assets	$76,204	$23,990

Liabilities and members' equity (deficit)		
Mortgages and other debt	$77,614	$3,274
Other liabilities	1,693	1,609
Members' equity (deficit)	(3,103)	19,107
Total liabilities and members' equity (deficit)	$76,204	$23,990

	Year Ended December 31, 2014
Statements of Operations	
Revenue	$ 5,028
Operating expenses	816
Depreciation and amortization expense	1,362
General and administrative	202
Interest expense	1,026
Total expenses	3,406
Loss on sale of land	(55)
Net income	$ 1,567

Note 5 – Income Taxes

HGPI is taxable as a corporation under the provisions of Subchapter C of the Internal Revenue Code. The net provision for income taxes after the change in the valuation reserve for the years ended December 31, 2014 and 2013, consisted of the following (in thousands):

	2014	2013
Federal	$ -	$ -
State	-	-
Net provision	$ -	$ -

For federal income tax purposes, HGPI had net operating loss carryforwards ("NOLs") of approximately $75.9 million and $72.8 million at December 31, 2014 and 2013, respectively. The NOLs expire from 2021 to 2032.

Deferred income tax liabilities and assets are determined based on the 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 as of December 31, 2014 and 2013 (in thousands):

Deferred Tax Assets:	**2014**	**2013**
NOL carryforwards – federal and state	$27,986	$26,728
Tax basis of assets in excess of book basis:		
Fixed/intangible assets	-	333
Other	23	21
Book basis of liabilities in excess of tax basis:		
Prepaid rental revenue	58	43
Profits interest	37	-
Gross deferred tax assets	28,104	27,125
Less: valuation allowance	(27,112)	(26,340)
Gross deferred tax liabilities	992	785
Deferred Tax Liabilities:		
Book basis of assets in excess of tax basis:		
Fixed/intangible assets	(961)	(760)
Other	(31)	(25)
Gross deferred tax liabilities	(992)	(785)
Net deferred tax asset	$ -	$ -

The valuation allowance related to the net deferred tax assets increased by $772,000 in 2014 and decreased by approximately $158,000 in 2013.

Note 6 – Leases

Space in the Company's centers is leased to various tenants under operating leases, which are generally for one to ten 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):

2015	$ 6,399
2016	4,230
2017	2,306
2018	1,762
2019	1,202
Thereafter	2,086
	$17,985

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

Note 7 - Long Term Stock Incentive Plan, Grants of Common Units and Grants of Common Shares

The Company has adopted the HGP 1998 Long Term Stock Incentive Plan (the "HGP Stock Plan") to advance the interests of the Company by encouraging and enabling the acquisition of a financial interest in the Company by key employees and directors of the Company and its subsidiaries through equity awards. The Company reserved 338,900 common shares for issuance pursuant to the HGP Stock Plan and options covering 15,000 shares were outstanding at December 31, 2013. These options were not exercised and expired during 2014.

On March 11, 2013, the Company granted 140,000 HGPLP common units, valued at $112,000 to Gary Skoien as part of his bonus. During 2014, the Board of Directors granted common shares of stock to the board members, excluding Howard Amster and Gary Skoien (Non-Executive Members) as compensation for service. The three Non-Executive Members were each granted 4,000 shares of common stock with vesting of 1,334 shares on September 9, 2015, 1,333 shares on September 9, 2016 and 1,334 shares on September 9, 2017. The amount of compensation as a result of shares vesting during 2014 is considered inmaterial.

Note 8 - Commitments

The Company has outstanding commitments for construction costs and tenant allowances on leases signed (which amounts become payable when the spaces are delivered to the tenants) at December 31, 2014, in the amount of $771,000 and $2.0 million, respectively, which are not reflected on the consolidated balance sheet as of December 31, 2014. These capital expenditures are expected to be paid during 2015 and 2016, and are anticipated to be funded from capital improvement escrows, construction financing, equity contributions and additional borrowings.

Note 9 – Mortgages and Other Debt

	Principal Balance as of:	
	December 31, 2014	December 31, 2013
Mortgage loan to Village Green Associates, LLC, from MB Financial, was refinanced on March 6, 2014. The new loan from First Personal Bank in the amount of $2,486,400 bears interest at 6.5% and matures March 1, 2019. It is secured by the shopping center in Huntley, Illinois and guaranteed by the Company. The loan will be paid through 59 monthly payments of $23,633 and one balloon payment of $1,789,000.(see below)	$ 2,380	$ 2,451

Note 9 – Mortgages and Other Debt, continued

	Principal Balance as of:	
	December 31, 2014	December 31, 2013
Mortgage loan to BFO Factory Shoppes LLC, from Wachovia Bank, National Association, in the original principal amount of $54.0 million, bearing interest at 5.58%, due January 11, 2016, and secured by The Outlet Shoppes at Burlington, Fremont, and Oshkosh. This loan was refinanced in February of 2015. (see note 12)	46,418	47,470
Mortgage loan to Huntley Development Limited Partnership, from US Bank in the maximum principal amount of $23.4 million, bearing interest at LIBOR plus 4.5% with a floor of 5.5%, due July 1, 2015, secured by approximately 383 acres of vacant land in Huntley, Illinois, the Huntley Series C TIF bonds and guaranteed by the Company (see below).	10,995	13,231
Capital lease between BFO Factory Shoppes LLC and Banner Bank was paid off during 2014.	-	12
Capital lease between BFO Factory Shoppes LLC and First Bank & Trust Leasing Services, dated as of January 25, 2011, bearing interest at 17.5%, due March 1, 2016, secured by an LED sign at The Outlet Shoppes at Burlington and guaranteed by HGPI.	17	31
Convertible promissory note to HGP LP, from newAX, Inc., as of August 9, 2011, in the amount of $150,000, bearing interest at 5.0%, matures on August 31, 2016, secured by the Company's interest in Horizon El Portal, LLC and convertible into partnership units of HGP LP at newAX, Inc.'s election at a conversion price per unit of $1.00, subject to adjustment per the terms of the Convertible Promissory Note dated August 9, 2011 (see note 10). .	150	150
Mortgage loan to Horizon El Portal, LLC from a subsidiary of CBL was paid off during 2014. (see below).	-	816
Real Estate Note to Horizon El Portal, LLC from Morgan Stern Realty Holdings, LLC as of July 7, 2014, in the original amount of $1,125,000 bearing interest at .33% per annum, due July 7, 2016, and secured by El Portal Center. (see Note 11).	525	-
Term loan to Johnny Rockets Oshkosh, LLC, from Bank First National as of May 23, 2014, in the amount of $470,000 bearing interest at 4.25% per annum due May 23, 2017 and guaranteed by the Company.	470	-
Loan for Directors and Officers Insurance payable to Flat Iron Capital. Loan will be paid off in March 2015	25	-
	$60,980	$64,161

On April 4, 2012, the servicer of the Mortgage loan to 5000 Hakes Drive LLC filed a Claim to Foreclose on the property in connection with the loan. On February 2, 2013, 5000 Hakes Drive, LLC and UBS entered into a Deed in Lieu of Foreclosure Agreement related to the Mortgage. The nonrecourse loan balance was $1,834,000. This transaction resulted in an approximate $340,000 gain in 2013 attributable to the controlling interest which is included as a component of other income.

Effective July 1, 2013, US Bank extended the maturity date of the Huntley Development Limited Partnership loan to July 1, 2014, with an additional one year extension available. The Company agreed to make principal payments of $20,000 per month and cumulative minimum principal payments of $650,000 by December 31, 2013 and $1,750,000 by June 30, 2014. Effective September 1, 2013, the amendment requires the Company to make principal payments in amounts equal to 100% of the positive net cash flow distributed to the Company from the Oklahoma City Entities, the El Paso Entities, and the Atlanta Entities (see Note 4). As additional collateral, the Company was also required to pledge its interest in Horizon OKC and Horizon El Paso, LLC. Effective July 1, 2014, US Bank extended the maturity date to July 1, 2015.

On May 31, 2013, Horizon El Portal, a subsidiary of the Company, entered into a loan agreement with a subsidiary of CBL in the amount of $2,700,000, bearing interest at 7%, with a maturity date of May 31, 2015, secured by the Company's ownership interest in the Atlanta JV and guaranteed by the Company. The proceeds of the loan were used to pay the balance of the $2,800,000 mortgage of El Portal Center LLC to Cathay Bank. Interest payments were due on the first of each month and principal is due at maturity. The agreement also requires the Company to make principal payment in amounts equal to 100% of the capital distributions from the Atlanta Entities. During 2014, the loan was paid off.

On March 6, 2014, Village Green Associates, LLC refinanced its Mortgage loan. The new loan is secured by the shopping center in Huntley, Illinois and guaranteed by the Company. The new loan with a principal amount of $2,486,400 bears interest at 6.5% and matures March 1, 2019.

Cash interest payments for the years ended December 31, 2014 and 2013, totaled $3.5 million and $3.8 million, respectively.

Huntley Net Profits Interests and TIF Bonds

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 383 acres of land in a master planned community in Huntley, Illinois (the "Huntley Project"), which obligation the Company assumed 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. For the year ended December 31, 2014, a liability of $154,000 was recorded to reflect the estimated current fair value of the Skoien Net Profits Interests. For the year ended December 31, 2013, the estimated fair value of the Skoien Net Profits Interests was zero.

In 1993, the Village of Huntley (the "Village") created a Tax Increment Financing District (the "TIF District"). In 1995, the Village sold $7.0 million of Series A TIF bonds and $14.0 million of Series B TIF bonds and issued to HD LP Series C TIF bonds with a principal amount of $24.4 million. In May 2009, the Village sold $14.3 million of Series 2009 TIF Bonds (the "Series 2009 TIF Bonds"), the proceeds of which were used to retire the Series A and B TIF bonds.

In connection with the issuance of the Series 2009 TIF Bonds, HDLP assigned a portion of the tax increment allocable to the Series C TIF bonds to the Village. The assignment agreement provides that payments made with respect to the Series C TIF bonds will be distributed in the following order of priority: (i) HDLP will receive the first $204,285 annually until it has received a total of $1.43 million; (ii) the next $3.04 million will be allocated 75% to HDLP and 25% to the Village; and (iii) amounts in excess of those in (i) and (ii) will be allocated 25% to HDLP and 75% to the Village. The Series C bonds are subordinate to the Series 2009 TIF Bonds. Currently, no portion of the tax increment is available to the Series C TIF bonds and no value has been ascribed to them by the Company. On June 18, 2014, HDLP received a payment of $637,439 from the Series C TIF bonds, which is recorded as other income. The funds were used to make a principal payment to U S Bank on the Huntley debt.

The TIF District contains approximately 900 acres of land currently or previously owned by HDLP or Huntley Meadows Residential Venture. The source of repayment for the Series 2009 TIF Bonds and Series C TIF bonds is (a) 100% of the increase in real estate taxes on the land in the TIF District above the taxes in place when the TIF District was created, (b) one-half of the Village's one percent (1%) sales tax collected on retail sales occurring within the TIF District and (c) reserves associated with the Series 2009 TIF Bonds. The repayment of the Series 2009 TIF Bonds is not an obligation of the Company and is not reflected on the Company's consolidated balance sheets as a liability.

Debt Maturities

Debt maturities and principal payments due subsequent to December 31, 2014, after consideration of the refinance of the mortgage loan on BFO Factory Shoppes, LLC, (see note 12) are as follows (in thousands):

Due in:		
2015		$11,224
2016		881
2017		1,440
2018		1,464
2019		3,161
Thereafter		42,810
	Total	$60,980

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 is currently negotiating an extension for the US Bank loan to Huntley Development Limited Partnership which had a balance at December 31, 2014 of $11.0 million. The Company believes that the loan will be extended prior to the July 1, 2015 maturity date. The Company will pay the remaining scheduled principal amortization in the normal course of business during 2015.

Note 10 - Related Party Transactions

In December 2009, the Company sold noncontrolling interests in the entities that owned five of its outlet centers to Bright Horizons of South Florida, LLC ("Bright Horizons"). The centers subject to the transaction are located in Burlington, Washington; El Paso, Texas; Fremont, Indiana; Gettysburg, Pennsylvania and Oshkosh, Wisconsin. Bright Horizons acquired a 22.5% interest in the entities that own the outlet centers (excluding the entity that owns the center in El Paso, in which it acquired a 19.6% preferred interest and a 17.8% common interest). In May 2010, Bright Horizons acquired an additional 26.5% interest in the entities that own the outlet centers (excluding the entity that owns the center in El Paso, in which it acquired an additional 23.6%, preferred interest and an additional 21.8% common interest). Bright Horizons is controlled by Somerset Outlet Center, L.P., ("Somerset, L.P.") of which Howard Amster, owns a controlling interest and Gary Skoien, owns a non-controlling interest. Howard Amster is a significant shareholder and director of the Company. Gary Skoien is Chairman of the Board, Chief Executive Officer, President, and a stockholder of the Company.

At December 31, 2014 and 2013, an affiliate of Howard Amster, PLA LP, owned the following interests: (1) 19.6% of Horizon El Portal LLC; (2) 5.9% of the preferred and common interests in Horizon El Paso, LLC; and (3) 7.88% of the preferred and common interests in Horizon OKC. Another affiliate of Howard Amster, Bright Horizons, owns 49% of the interests owned by the Company in the entities that own the outlet centers and related assets in Burlington, WA; Fremont, IN; Gettysburg, PA and Oshkosh, WI and 43.2% of Horizon El Paso, LLC. Somerset Outlet Center, L.P. ("Somerset L.P."), another affiliate of Mr. Amster, owns (1) 12.6% of the interests in the entities that own the outlet center and related assets in Gettysburg, PA, (2) 46.4% of Horizon Atlanta, and (3) 47.54% of Horizon Louisville.

At December 31, 2014 and 2013, Gary Skoien owned the following interests (excluding the Net Profits Interests discussed below): (1) 4.9% of Horizon El Portal, LLC (2) 5.9% of Horizon El Paso, LLC; (3) 0.95% of Horizon OKC. Mr. Skoien also owns 9.28% of Bright Horizons and 9.66% of Somerset LP.

At December 31, 2014 Amster Skoien L.P owned jointly by Howard Amster and Gary Skoien owned 14.7% of Horizon El Portal, LLC

At December 31, 2014 and 2013, David Tinkham, an officer of the Company, owned 1.27% of Horizon Atlanta, and 3.24% of Horizon Louisville.

At December 31, 2014 and 2013, Andrew Pelmoter, an officer of the Company, owned 4.955% of Horizon OKC, 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 plus a 12% return thereon. Amounts distributed to holders of the Net Profits Interests are accounted for as profit sharing arrangements with compensation expense being recognized for distributions related to such interests. Net profits interests have been granted as follows: (1) Horizon El Paso - 1.3%, 2.6% and 3.5%, to Gary Skoien, Thomas Rumptz and Andrew Pelmoter, respectively (2) Horizon OKC - 2.5%, 2.5% and 3% to Messers. Skoien, Rumptz and Pelmoter, respectively; (3) Horizon Atlanta, - 1.25%, 1.25%, 1.25% and .0375% to Messers Skoien, Rumptz, Pelmoter and James Harris, respectively, and (4) Horizon Louisville, - 1.25%, 1.25%, 1.25% and .0375% to Messers Skoien, Rumptz, Pelmoter and Harris, respectively.

The Company incurred interest expense on unsecured loans from newAX, Inc. in the amount of $7,500 for the years ended December 31, 2014 and 2013, respectively. newAX, Inc. is an affiliate of Howard Amster.

On June 10, 2013, the Company sold 1,350,000 and 450,000 additional shares of stock to PLA, LP and Gary Skoien respectively. The shares were sold at a price of $1.25 per share netting the Company $2,250,000 in proceeds. In conjunction with the sale, the Company entered into a loan agreement with Gary Skoien in the amount of $220,500 bearing interest at 2%, maturing in 2018, and secured by a pledge of his securities. As of December 31, 2014, $150,000 has been repaid.

Note 11 – Recent Developments

In December 2012, Horizon El Portal LLC, the majority member of El Portal Center, LLC, sent a notice to Morgan Stern Realty Holdings, LLC (Morgan Stern), the minority member, of its intent to terminate El Portal Center, LLC and require Morgan Stern to sell its interest to Horizon El Portal, LLC. Morgan Stern disputed the validity of the termination notice and Horizon El Portal filed suit on March 4, 2013, seeking, among other things, the enforcement of its rights under the operating agreement to terminate El Portal Center, LLC. On June 27, 2014 the suit was settled and the court ruled on the settlement. Horizon El Portal agreed to make payments totaling $1,725,000 to Morgan Stern for its interest in El Portal Center, LLC. As of December 31, 2014, $1,200,000 of the payments had been made. The remaining payment of $525,000 is due within two years of the date of settlement (see Note 9).

On April 12, 2012, the Company sold CBL 75% of the El Paso Center and the Expansion Land and 50% of the Outparcels. On July 2, 2014, the Company and CBL agreed to a $2,783,285 increase of CBL's purchase price for their interest in the El Paso Entities. The adjustment related to an increase in value of the El Paso Entities due to a favorable property tax settlement and has been recorded as a gain on investment in joint venture. CBL paid the increase to Horizon El Paso on July 2, 2014.

Note 12 – Subsequent Events

On February 17, 2015, BFO Factory Shoppes, LLC refinanced its mortgage loan. The new loan from Starwood Mortgage Capital, LLC has an initial principal balance of $54,675,000 and bears interest at 4.509%. Monthly payments of interest only are required through March 6, 2017. Starting on April 6, 2017, principal and interest payments of $277,300 are due each month, and a balloon payment is due at maturity on March 6, 2025. The loan is secured by The Outlet Shoppes at Burlington and Oshkosh, and Phases II and III of the Outlet Shoppes at Fremont. Phase I of the Outlet Shoppes at Fremont was excluded from the collateral for the loan, and was transferred to a new entity, which is still under control of the Company.