

PRESS RELEASE

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**Charles H. Sass, Mayor
Village of Huntley
(847) 515-5200**

**Gary Skoien, CEO
Horizon Group Properties
(847) 292-1870**

Village of Huntley and Horizon Reach Agreement

After nearly six years of litigation, the Village of Huntley and Horizon have reached a settlement agreement to potentially bring an end to the legal proceedings. Both parties consider it in their best interest to enter into the proposed settlement agreement to resolve claims and counterclaims dating back to 2003.

In 2003, the Village filed suit to confirm the Village's authority to require developers of any portion of the property owned by Horizon to pay recaptures/tap-on fees for future utility system expansions as well as affirming the Village's authority to permit third party connections to the utility systems built by Horizon as required by the 1992 annexation agreement. Horizon filed a counterclaim in early 2004, and since that time various cross motions have been filed by both parties. In 2006, Horizon filed another suit against the Village in relation to the new commercial development approved by the Village on the east side of Route 47 north of the original Horizon properties.

The settlement agreement acknowledges the Village's right to permit connections to the utility system and states that the Village will not require developers of the Horizon original property to pay for utility connections until all of the Horizon reserved capacity is used.

"Our relationship with Horizon over the past ten years has been difficult, to say the least," said Mayor Charles Sass. "However, it is in everyone's best interest to end the legal proceedings and to focus on the future." Gary Skoien, Chairman of the Board, President, and Chief Executive Officer of Horizon Group Properties, Inc., added "This settlement best serves

the residents of Huntley and allows both parties to put our differences behind us and to work side-by-side for the betterment of the community. We have challenging economic times ahead of us. We will overcome these challenges together.”

In 1992, the Village annexed and rezoned 2,649 acres of Horizon’s land near I-90 and Route 47 to accommodate residential, commercial, and business park uses. Major properties developed include the Prime Outlet Mall, the Huntley Auto Mall, Huntley Corporate Park, and the Village Green retail center. In 1997, Horizon sold 1,563 acres to Del Webb Communities, Inc., which became home to the Sun City active adult residential community.

The 1992 annexation agreement required the Village to designate a portion of the property as a redevelopment project area as defined by the state’s Tax Increment Allocation Redevelopment Act. Subsequently, a Redevelopment Agreement was entered into between the parties in early 1993. The agreement provided for the issuance of tax increment finance bonds. Proceeds of the bonds were used to pay for construction of major public improvements. The bonds are paid back from the new property tax and a portion of the sales tax revenue generated by the development of the property.

The settlement agreement provides for a new series of TIF bonds to be issued on or before June 1, 2009, with the same final maturity date of December 1, 2016. This new bond issuance is a refinancing of the existing bonds at what is expected to be a lower interest rate. The interest rate on the existing bonds is 8.5%. The new bonds will allow both parties to restructure the existing bond debt to more favorable terms. “We view this agreement as a win-win situation for the Village and for Horizon,” said Mayor Sass. “We look forward to putting this issue behind us and concentrating on the challenges we all face in these difficult economic times.”

The settlement agreement is contingent on the new bonds being issued by June 1, 2009. If the bonds are not issued on or before this date, the settlement agreement is null and void.