Tanger Inc.
Third Quarter 2026 Earnings Call
November 5, 2026

Presenters
Ashley Curtis, Assistant Vice President, Investor Relations
Stephen Yalof, President and Chief Executive Officer
Michael Bilerman, Executive Vice President, Chief Financial Officer and Chief Investment Officer
Justin Stein, Executive Vice President, Chief Revenue Officer
Doug McDonald, SVP, Treasurer and Investments

Q&A Participants
Jeffrey Spector – Bank of America
Eric Borden – BMO Capital Markets
Greg McGinniss – Scotiabank
Caitlin Burrows – Goldman Sachs
Jakub Dingo – J. P. Morgan
Richard Hightower – Barclays
Steve Sakwa – Evercore
Naishal Shah – Green Street
Omotayo Okusanya – Deutsche Bank
Todd Thomas – KeyBanc
Floris Van Dijkum – Ladenburg Thalmann

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**Ashley Curtis**
Good morning. I'm Ashley Curtis, Assistant Vice President of Investor Relations, and welcome to Tanger Inc.'s third-quarter 2026 earnings call. Yesterday, we issued our earnings release, supplemental information package, and investor presentation, which are available on our IR website, investors.tanger.inc.

Today's call may contain forward-looking statements, which are subject to risks and uncertainties described in our earnings release and SEC filings that could cause actual results to differ materially. We assume no obligation to update any forward-looking statements except as required by law. We will also discuss certain non-GAAP financial measures with reconciliations to the most directly comparable GAAP financial measures included in our earnings release and supplemental information.

This call is being recorded for replay, and management's comments include time-sensitive information that may only be accurate as of today, November 5, 2026. Following prepared remarks, we will open the call for questions. (Event Instructions) On the call today are Stephen Yalof, President and Chief Executive Officer; and Michael Bilerman, Chief Financial Officer and Chief Investment Officer, along with other members of our leadership team for Q&A.

With that, I will now turn the call over to Stephen Yalof.

**Stephen Yalof**
Thank you, Ashley, and good morning. I'm pleased to report another quarter of solid financial and operating performance, reflecting continued momentum across our portfolio and execution of our strategic plan. Our strategy is straightforward: leverage our differentiated leasing platform, digital and local marketing capabilities, and best-in-class operations to drive organic growth across our portfolio while maintaining a disciplined approach to external growth and capital allocation. This strategy is producing results, and based on our performance and outlook, we are raising our full-year guidance.

The operating environment remains productive. Retailer demand continues to be resilient against a backdrop of very limited new retail supply, and at the same time, our active approach to merchandising, reinvestment, and operations is improving the productivity and relevance of our centers. Combined with our strong balance sheet, this gives us significant flexibility to pursue both internal and external growth opportunities while remaining disciplined on returns.

We ended the quarter at 97.3% occupancy, an increase of 70 basis points from June. Over the last 12 months, we signed more than 560 leases, representing approximately 2.6 million square feet, with blended cash rent spreads of 11%, extending our track record of positive rent spreads to nearly five years.

Importantly, we continue to make progress well ahead of lease expirations. We have renewals executed or in process for 73% of our 2026 expirations, and we are further ahead on next year's expirations than we were at this point last year. That visibility, combined with strong demand that is fueling our re-tenanting, limited new supply, and stronger retailers, provides an attractive foundation for continued organic growth.

The current retailer environment plays to Tanger's strengths as an active owner-operator. Retailers are selective about where they reinvest, and they favor centers where owners reinvest, improve their merchandising mix, and give shoppers reasons to visit more often, stay longer, and ultimately spend more money. Brands that once focused on larger metropolitan areas are increasingly moving into mid-tier markets where Tanger operates. Department store consolidations, limited new retail development, and continued above-average population growth have created opportunities in our markets, and retailers see productive open-air centers like ours as the way to reach customers.

Our re-tenanting strategy creates a powerful organic growth flywheel. Better brands and uses drive greater traffic and sales. Greater productivity lifts demand for space, and stronger demand, combined with limited supply, lets us improve rents and merchandising over time. As the quality and productivity of our portfolio continues to improve, we believe that flywheel will drive sustained growth.

We are deliberately expanding the range of uses at our centers, including food and beverage, entertainment, service, and wellness across a variety of concepts and price points. Our progress in food and beverage leasing has been particularly strong this year, with multiple openings since the second quarter. Shake Shack, for example, opened its first South Carolina store at Tanger Charleston, and last week, North Italia at Bridge Street Town Centre in Huntsville, Alabama.

Bridge Street, which we acquired in late 2023, provides a clear example of how our platform creates value. Since acquisition, the market has continued to grow around us, including recent investments in hotels, apartments, and office, adding new permanent and transient customers to the market. We have leveraged our platform capabilities to improve the asset, and it has evolved from a retail shopping destination into a truly experiential district. We have added new-to-market brands, including LEGO, L.L.Bean, Warby Parker, Madewell, North Italia, and Shake Shack, reflecting local consumer interest in diverse premium shopping and dining destinations. Occupancy has increased more than 400 basis points from a year ago, and we are generating a strong return on our invested capital. This demonstrates the value creation model we are replicating across new assets and our existing portfolio.

Retailer performance during the third quarter was more brand-specific than category-driven. Brands offering newness, relevance, and compelling product continue to perform well, while emerging categories such as beauty are bringing younger and more frequent shoppers into our centers. At the same time, value remains fundamental to our customers' proposition. Brands use the outlet channel in different ways depending on their broader business strategies. Whether it's aimed at reducing inventory exposure or capturing a new aspirational customer where they shop, these strategies can evolve over time while the customer proposition remains consistent. Desirable brands at price points that fit the budgets drive shopper engagement, increased visits, and ultimately sales. In the current environment, we believe this combination of brand, experience, and value remains highly relevant to the consumer.

Average tenant sales were $487 per square foot for the trailing 12 months, an increase of 2.5% from the prior year and consistent with last quarter. Our occupancy cost ratio remained low at 9.7%, which we view as an important indicator of the health of our retailer base, and over time, an additional source of organic growth potential as we continue to mark rents to market.

Marketing is another increasingly differentiated component of our platform. Traffic increased during the quarter, while our customer database grew to approximately 13 million subscribers. That scale allows us to connect consumers with relevant brands and offers across their preferred channels, while our local marketing programs, community events, tourism initiatives, and new store openings create additional reasons to visit our centers.

We are also using technology and AI to make those interactions more relevant and our organization more efficient. Our AI-powered communications help match subscribers with appropriate brand messaging, supporting engagement, and visits. AI-enabled customer service tools now handle a majority of guest inquiries, and we are expanding these capabilities into additional areas of the organization. It is about using technology to automate more routine activity and improve decision-making, thereby allowing our teams to spend more time on high-value opportunities with retailers, shoppers, and other stakeholders.

Turning to external growth, the transaction environment remains competitive, and we continue to be disciplined in how we deploy capital, particularly in the current interest rate environment. We added Levis

Commons earlier this year and maintain an active pipeline and engage with owners and capital sources across both outlet and open-air lifestyle centers.

Looking ahead, we believe we're well-positioned for the holiday season. Tanger is a destination for consumers seeking the brands they want and compelling value. Black Friday Every Day has returned for the full month of November, and we have numerous upcoming events across our portfolio, including our popular tree lighting celebrations featured at many of our centers. These programs are designed to create community and tradition, encourage earlier visits, extend dwell time, and inspire customers to return throughout the season.

Summing up, this quarter's performance reinforces the strength of our strategy and, importantly, the scalability of our operating platform. Differentiated leasing, sophisticated digital and local marketing, and best-in-class operations are driving productivity and organic growth across the portfolio. Thoughtful investment in our existing assets and external opportunities gives us additional avenues for growth, and our strong balance sheet provides the flexibility to execute while maintaining our focus on long-term returns. We believe this combination positions Tanger to compound growth and create sustainable long-term value.

I want to thank our dedicated Tanger team members, our retail partners, our shoppers, and our shareholders for their continued support. I will now turn the call over to Michael.

**Michael Bilerman**
Thank you, Steve. For the third quarter, core FFO was $0.64 a share, compared to $0.60 in the prior year period, an increase of 6.7%, driven by a 4.2% increase in Same Center NOI and the accretive external investments over the past year.

Our ongoing NOI growth is being driven by our focus on increasing total rents, with increases to both base minimum rents and higher tenant reimbursements, while also resetting our sales break points to lock in additional fixed rent while maintaining the opportunity to participate in the upside as tenant sales increase. Notably, our other revenues continue to grow, increasing 11% in the quarter as we drive additional revenues beyond the traditional lease line. Operating expenses were up modestly in the third quarter and continue to be more variable quarter to quarter and year over year, given the timing of marketing, CAM, and the overall activity at our centers. We continue to focus on our annual NOI growth, which we have increased to 3.5% to 4.25% for the year.

Our balance sheet remains in a strong and flexible position, with low leverage and more than enough liquidity to meet all of our debt maturities over the next three years. Net debt to adjusted EBITDA was at 4.6 times on a trailing 12-month basis at the end of September, which is down from 4.7 times last quarter and below our 5 to 6 times target range, which is being driven by the continued increases in EBITDA and the retention of free cash flow. The balance sheet at quarter end reflects the capital markets activities that we set in motion at the beginning of the year when we issued a convert and extended and upsized our unsecured term loans. During the quarter, we repaid the $350 million of notes that matured in September,

which was funded with cash on hand and the remaining $150 million that we drew on our delayed draw term loans.

We ended the quarter with $1.8 billion of pro-rata debt and over $650 million of immediate liquidity. Against this liquidity, we only have $415 million of consolidated debt maturing over the next three years, and this includes the $115 million secured loan at Tanger Kansas City at Legends, which we intend to prepay this December, and the $300 million of unsecured notes that mature next July. Given our low leverage position, we have a full range of capital-raising opportunities in terms of type, duration, and rate. We are in the enviable position with limited maturities over the next three years, a lot of liquidity, and the continued retention of free cash flow. With a low 64% dividend payout ratio, we are retaining approximately $90 million a year, which equates to a 2% free cash flow yield that compounds over time. At quarter end, our weighted average interest rate was at 4.1%, and our weighted average term to maturity is 3.8 years. About 93% of our debt is fixed or swapped.

From an external growth perspective, our approach to acquisitions remains consistent. We are looking for assets where we can apply the same operating capabilities that have driven improvements across our existing portfolio while generating attractive long-term risk-adjusted returns, and our low leverage balance sheet and liquidity gives us the capacity to act.

In October, our Board authorized a quarterly dividend of $0.3125 per share, representing a 7% increase over last year.

Looking ahead, we are raising our full-year 2026 guidance. We now expect core FFO of $2.49 to $2.53 per share, up from $2.45 to $2.52 per share previously. This represents 8% growth at the midpoint. We raised the low end of our Same Center NOI growth range to 3.5% from 2.75%, while the high end remains at 4.25%. Guidance for G&A remains unchanged and we tightened our ranges for net interest expense and recurring capital expenditures. Guidance does not assume any additional acquisitions, dispositions, or financing activities.

Our focus remains on maintaining this momentum while prudently managing our capital to support both our current operations and our future growth opportunities. We look forward to seeing many of you in Atlanta in a couple of weeks at Nareit.

With that, operator, we now would like to open up the call for questions.

**Operator**
(Operator Instructions) Our first question will come from Jeff Spector with Bank of America.

**Jeffrey Spector**
Great. Can you hear me now?

**Stephen Yalof**
Yes.

**Jeffrey Spector**
Okay, great. Good morning. Just focusing on -- great, thank you. My first question is on the open-air lifestyle centers. You've had some very successful acquisitions there, and it's been a few years, your latest at Levis. What have you learned from those acquisitions and what could impact maybe the next acquisition in terms of your underwriting or your strategy?

**Stephen Yalof**
Good morning, Jeff. Thanks for the question. So, what have we learned? Well, look, we've added four lifestyle centers to our portfolio. I think what we've learned is the skills that we've developed here at Tanger over the 45 years that we've been in business leasing outlet centers are highly transferable to the lifestyle center business.

I think some of the early -- in the early days, 2021, 2022, when we saw major population shifts moving closer to our outlet shopping center geographies, we understood that the customer was looking for more rounded experience in those venues, so we started leasing to more sit-down restaurants, more entertainment uses, and in some instances, non-traditional outlet retailers going into our outlet centers. That skill set became highly transferable, and as we started to look at full-price centers, Bridge Street Town Centre, which I spoke about in our prepared remarks earlier, we felt that that leasing, operating, and marketing skillset was highly transferable to both.

We're very active in the space. We're constantly underwriting opportunities in the lifestyle center space. And the centers that we identify, that we go after, are ones where we believe that we can create great long-term value through that platform that I just shared with you.

**Jeffrey Spector**
Okay, great. Thank you. And then, if I'm allowed a second, I wanted to focus on your re-tenanting goals. For the past few years, you've been talking about upgrading the merchandise mix. I know, Steve, you talked about it in your opening remarks for a bit. Can you just talk about that as we enter '27? How -- where does that stand right now? Is that still a key focus for '27, '28, and beyond?

**Stephen Yalof**
Yeah, definitely. If you take a look at the outlet centers today, you'd hardly recognize them from 10 years ago. That's because a lot of the retailers that were -- stopped investing or lost some of their market share have been replaced with newer retailers. We just added three HOKA stores, just as an example. That's a new brand into our portfolio, and we continue to add new brands.

In the full-price business as well, that full-price business, just because you asked the question about lifestyle prior to this, it also has given us a seat at the table with brands that we never really had access to before

that were strictly outlet players. So now, what we are finding is there is high transferability between both platforms and retailers for both.

So, I think as you visit our centers going forward, whether it is the outlet properties or the full-price properties, the mix of retailers are the brands that are highly sought after, the brands that the consumers are looking for, because we think it is important to fill our shopping centers with new brands the customers want in order to create that flywheel of repeat visits, longer stays, and ultimately bigger spends.

**Jeffrey Spector**
Great. Thank you.

**Operator**
Our next question will come from Eric Borden with BMO Capital Markets.

**Eric Borden**
Great. Good morning, everyone. You described the acquisition pipeline as active, but also a competitive market. Just curious, what is the biggest hurdle to getting deals done today, whether that is seller pricing, financing costs, or finding enough operating upside? And then, are you seeing more opportunities where an owner wants to retain a stake? Thank you.

**Michael Bilerman**
Thanks, Eric. I think the biggest hurdle to getting deals done is agreeing with the seller, ultimately, on a transaction. These are not assets that we can walk into a store and buy, and then return them if we do not like them. And so, it does remain a competitive environment. The backdrop for retail is positive, with limited supply and strong demand. And where we're going to lean in is where we can really create the value, as Steve talked about, leveraging our platform.

And our pipeline remains very active on both fronts. We're very unique, being able to target both outlets as well as open-air lifestyle centers in a lot of markets where we do not have as much institutional competition. And that's where we continue to focus, and we'll announce deals as they come about.

And then, from a capital perspective, I think there are -- with the type of assets that we're buying that are highly operationally intensive, right? They are not grocery-anchored centers or net lease properties. It does require a real operator, and we find that having skin in the game, that whole element provides us the opportunity to partner with capital sources or with existing owners to bring our platform to bear to create value for all stakeholders.

**Eric Borden**
Great, thank you. I just wanted to follow up on the other revenue line item in the same-store bucket. You called out growing that line item beyond the traditional lease line. Just curious, can you unpack what's

included in that bucket, and then what pieces drove the increase in the quarter, and what is one-time in nature versus recurring? Thank you.

**Michael Bilerman**
Sure. There is nothing one-time in nature. This is a business that we drive through a number of sources. Our assets act as marketing mediums for a number of the brands in our portfolio. And so, that marketing partnerships, being able to advertise with us, whether that's digital or static advertising, is a driver of that. EV charging is part of that, and just other revenues that we are getting beyond just leasing the space to the tenants. And this has been a key focus as we have grown this income stream at a double-digit pace, and we continue to find opportunities to grow.

**Operator**
Our next question will come from Greg McGinniss with Scotiabank.

**Greg McGinniss**
Hi. Can you hear me?

**Operator**
Yeah.

**Michael Bilerman**
Yeah.

**Greg McGinniss**
Great, thanks. Given the strength of leasing that you're having, can you just remind us the percent of occupancy that's considered temp, and then how much of that you maybe expect to be able to convert to permanent over the next year or two, and more broadly, the potential upside to reimbursements, both as you convert those tenants and as you grow occupancy?

**Stephen Yalof**
Look, I'll take the first half of that, Michael. Maybe you want to talk about the reimbursements on the back end. Look, our temp occupancy percentage really varies from quarter to quarter, obviously, but hasn't really varied that much over the last couple of years. We report on it as using our temp business more as a strategy. I think that we'll find -- let's use Saks just as an example. We talked last quarter about the five Saks stores that we took back because we saw great re-merchandising opportunities over time, where we felt like the price of grabbing those boxes back and the long-term ability for us to re-merchandise those centers, or rather those boxes with new brands, would give us a lot of long-term upside over time.

So, as we're sorting out the next players to take those spaces, we've got the boxes are all temp leased. So I just feel like, and we also talked about the fact that Saks' leases, the rents were so insignificant that the temp rents actually gave us an opportunity to maintain the continuity of both cash flow as well as the

occupancy continuity. So, we're making great progress on the Saks boxes, but that's just a good example of how we're using our temp strategy to help us and help us grow our business.

**Michael Bilerman**
And then, Greg, as you think about the impact of the P&L, this bucket of temp, we've talked about having a 2 to 4x multiplier relative to the current rent. And as we talked about, it's not as much what flows into reimbursement because we can do leases in different ways, whether they're gross leases or they're paying us direct for base as well as fixed CAM. And so, when you think about the impact of total rent, it's going to see that upside as we take a square foot of temporary space, get that 2 to 4x uplift, and all of that running into revenues without a significant increase in our operating expenses because we're already operating the centers today.

And that's just a component of our earnings algorithm. When you think about our leasing on page 12, that total leasing activity in the non-comp is what's driving, with the renewals and re-tenanting, our growth. And then the conversion of temp to perm over the next number of years will continue to provide that upside.

**Greg McGinniss**
Okay, thank you. Then sticking with the leasing, are you seeing any different trends for the 2027 expirations that you've been able to renew or lease to date as compares to what closed in 2026, or maybe an ability to enhance other aspects of the leasing as you look forward?

**Stephen Yalof**
Well, look, I think the supply-constrained environment is definitely making retailers come to the table a lot earlier. I think we're much further along on our 2027 renewals at this point than we were at the same time last year. So I think that that's an interesting trend.

I think retailers are looking to protect their spaces. There's not a lot of places to go. We talked about a contracting department store business. We've talked about not a lot of new supply being added to the marketplace, and because of that, causing a lot of interesting dynamics in the retail landscape, most of which is retailers open-to-buys seem to continue to be robust. And as they continue to look for places, we're finding great success bringing brands that have typically sought more urban markets coming into some of those second-tier markets where a lot of our centers reside.

**Greg McGinniss**
Thank you.

**Operator**
Our next question will come from Caitlin Burrows from Goldman Sachs.

**Caitlin Burrows**
Hi, good morning. Maybe just if we look at full-year same store NOI growth, it has decelerated over the past few years. So I'm wondering, as you take a step back, would you say this is a new norm, or what would it take to get full-year same store to re-accelerate going forward?

**Michael Bilerman**
Thanks, Caitlin. I mean, we have had 5.5%, 6%, 5%, 4.25%, high end of 4.25%. I mean, you got a pretty consistent -- now, five years of pretty strong growth in that element. And when we look forward, there is a lot of areas that we feel that we can continue to put up pretty solid organic growth that when combined with the intensification and the external growth that we are pursuing against a balance sheet that has significant capacity to react, we think that that top line combined in terms of driving FFO growth is a key component, right?

Same Center is a metric. At the end of the day, it has to come through in earnings and cash flow growth, which drives the dividend. When you think about FFO growth, the midpoint of our guidance right now is 8%, and that comes after basically the last three years of 8% to 9% growth.

**Caitlin Burrows**
Okay, thanks. And then just on the occupancy cost side, overall, you guys are at 9.7%, which is obviously attractive versus the mall peers, but it hasn't moved recently. I guess, wondering if you could just talk about -- do you think there's upside that we could expect there? I realize each kind of tenant and industry varies, but yeah, how that could move.

**Michael Bilerman**
Sure. There's two parts to that occupancy cost because what we're driving is increased sales and increased rents. If you have the ability, even if occupancy cost remains flat, if sales are rising, we're getting a bigger piece of the pie, and you've been able to see the rents that we're getting where those rents are moving up. And we see continued upside given the strength of our portfolio that has both lifestyle and outlet, and a lot of those new brands that are coming in and willing to pay those higher rents relative to the increased sales that they generate at our assets.

**Stephen Yalof**
We've also grown the OCRs by about 200 basis points over the last five years. It doesn't all move at once, slow build, but as long as we continue to push sales and continue to grow OCR, I think that we're achieving, definitely achieving that flywheel of long-term sustained growth.

**Caitlin Burrows**
Thanks.

**Operator**
Our next question will come from Michael Mueller with JPMorgan.

**Jakub Dingo**
Hi, thanks for taking the question. This is Jacob on for Mike. Given your increased focus on acquisitions in recent years, would you say that finding development opportunities is still a focus for the business, and would you imagine any starts coming in the next few years?

**Stephen Yalof**
Yeah, I think the acquisition business for us has proven to be a pretty solid one as we've been purchasing assets at almost 40% on the replacement dollar. We built Nashville several years ago, which has been a great project for us, but the expense of building in Nashville, on a per square foot basis, you could buy two shopping centers. So we're finding that as long as the cost of labor continues to grow and the cost of materials continues to grow, I think that we're going to probably stay in that acquisitions space, because that's a better long-term use of our capital.

**Jakub Dingo**
Great, thank you. And if there is a situation where a sizable acquisition opportunity pops up, how should we think about your funding strategy given today's debt and equity costs?

**Michael Bilerman**
Yeah. We have a range of opportunities. I think given our low leverage level, the fact that we don't have much secured debt, and have a lot of capital relationships, we would approach any transaction looking at all of our various capital alternatives to find the best match for both seller and buyer to execute a transaction.

As I mentioned in the opening remarks, our leverage level right now is at 4.6 times, relative to a 5 to 6 times target. And so, that provides a significant internal capacity without the need for additional equity to execute on external growth. And so, we would expect that that should be able to continue. We've brought on almost $1 billion of investment in the last four years, driven in part by our free cash flow. Our free cash flow at $90 million a year, it's a 2% free cash flow yield, that provides additional capacity to be able to fund our external growth.

**Jakub Dingo**
Great. Thank you.

**Operator**
Our next question will come from Richard Hightower with Barclays.

**Richard Hightower**
Yeah. Hey, guys. Can you hear me okay?

**Stephen Yalof**
Yeah.

**Richard Hightower**
Oh, great. Okay. I just want to ask a question on, I guess, capital intensity. So -- and I know this is not a perfect same store measure of things, but it looks like recurring cap ex and leasing cost guidance moved up a little bit. So maybe just in that vein, could you talk about cap ex intensity both for new leases and re-tenanted space, and are there any trends to pick up on in there?

**Michael Bilerman**
Sure, Rich. So I would say just cap ex overall, which includes our TAs, our renovations, is remaining pretty consistent at a mid-teens to NOI level. Just from an intensity perspective, that's probably the lowest in the retail sphere, where just -- and that ultimately is what creates positive growth because of just that level of capital.

From a range perspective, we did tighten the range. We're nine months in the year, and it has no reflection of the projects. It's just the projects that we've been able to complete this year, so it's not a question of pricing or anything like that.

And then the last thing is, when you look at the lease spread page, this quarter, our TA was higher. But the starting rent was much higher and we got longer term. So from a net effective basis, our spreads are very positive, and that's what's fueling our Same Center and FFO growth.

**Richard Hightower**
Okay, that's helpful. And then, I guess back to -- I think it was Caitlin's question on tenant sales. It looks like sales were kind of flat-ish, I guess, sequentially, and up only a couple percentage points on a year-over-year basis. Is there seasonality in that that sort of is driving that deceleration? Is it related to the Saks space that's been re-tenanted with temp? Is there anything to kind of pick up on in there?

**Michael Bilerman**
Sure. So the Saks is not included because those are above 20,000 square feet. Our average portfolio size is 5,000 square feet, so those are unique spaces. When we think about the sales productivity, which is on a trailing twelve-month basis, there are a lot of things just that go in and out. And we've talked about the last couple of years as part of the remerchandising and replacing poorer performer, lower sales productivity tenants, and bringing in higher productive, higher rent-paying tenants, when someone exits the portfolio, they're out of the twelve-month period.

And so, you think last quarter with Eddie Bauer and Francesca's, we got that immediate uplift from those coming out, and then it takes a year for the new tenants to roll into the pool. And if you think about all the remerchandising that we're doing, half of which is comp, and then the other half is non-comp on that spreads page, the tenant has to be in place for a year for us to generate a comp in that sales productivity, so there's a little bit of a mismatch between those.

The second part is just sequentially coming out of the second quarter. July and August were probably the peak of consumers' concerns around inflation and their pocketbooks, and that reflected a little bit in certain brands or activity at the center recovering very strongly on Labor Day with substantial traffic that has continued from that time. We are continuing to be optimistic about a very strong holiday season, with a number of research that has come out supporting strong, and we see going into next year, given all the remerchandising that our leasing team is doing, being able to continue to drive sales productivity.

**Richard Hightower**
Great. Thank you.

**Operator**
Our next question will come from Steve Sakwa with Evercore.

**Steve Sakwa**
Okay. Can you guys hear me okay?

**Stephen Yalof**
Yeah.

**Steve Sakwa**
Okay, great. I just wanted to know if you could make any comments about the upper-end consumer, lower-end consumer, and maybe how that relates to different parts of your portfolio, and maybe how you're seeing that impacting the leasing environment from retailers.

**Stephen Yalof**
Sure. I think a lot of the merchandising that we're doing and the brands that we're adding across the portfolio are at all price points, so we're definitely seeing the consumer react at all price points. The outlet portion of our portfolio, that customer's very aspirational. So when we're able to add higher-end brands -- let's use Tory Burch as an example, because they're seeing great comps. Not only are we seeing a high-end consumer come and shop Tory Burch in our outlet environments, but we're also seeing an aspirational customer who wants to buy into that brand at an entry-level price point that they can afford, similarly buy into that brand.

So I think for us, merchandising is a really important part of our business. We can bring a center, we can draw both a high-end customer and an aspirational customer simply by tweaking our merchandising mix, and I think that's a lot of what we've been doing. And when we talk about our strategy, merchandising is way up top because it's the brands that bring the customers into the shopping center, and it's the continued flow of newness, the new brands, the brands that the customers are looking for, all price points, and brands that attract customers of all ages. That's why we're seeing such great traffic growth and we're seeing higher frequency of visit.

**Steve Sakwa**
Great, thanks. And maybe just going back on the transactions, Michael, I guess just given the volatility in the bond market over the last certainly month, maybe two months, I'm just wondering how you're seeing that impacting the transaction market if assuming bid-ask spreads have widened. But has that made it, I guess, more difficult to try and get deals over the finish line? I guess, what are you seeing on the pricing front for deals you have looked at?

**Michael Bilerman**
Yeah, it remains a competitive market. You've seen the number of transactions announced recently that were negotiated pre this big move. And where we're trying to focus, the assets that we want to buy, it's not about the going-in cap rate. Obviously, our basis is important from a price per foot perspective, but it's all about the long-term growth and the value that we can bring. And that's where we're really trying to lean in to find those opportunities that mesh well from a strategic and financial perspective.

And I think, as you know, it does take time for buyer and seller expectations to converge in times of volatility. It's only natural for sellers to hold on to yesterday's values and buyers to adjust to where they think future values are going to go. The good news for us is from a capital perspective, we are in a really good position to act, and anytime you have volatility in the marketplace, opportunities present themselves.

**Steve Sakwa**
Great. Thank you.

**Operator**
Our next question will come from Naishal Shah with Green Street.

**Naishal Shah**
Great. Are you guys able to hear me okay?

**Stephen Yalof**
Yes.

**Naishal Shah**
Lovely. So thanks for taking the question. We've noticed that Children's Place has been in the news lately as a potential bankruptcy risk, and I was curious if you could provide some color on how much of your NOI can be attributed to this retailer. Thanks.

**Justin Stein**
So, Naishal, this is Justin. I'll speak first about Children's Place, and then Michael can come in behind. I think it's important to just understand first that retailer failures have always been and will always be a part of our business, just like new brands entering our portfolio on an annual basis. We've built a team here at Tanger

that focuses and specializes on restructuring and bankruptcy, so we're always prepared when something like this comes.

And it's important to remember that outlet stores are the last stores to close, because they serve as a great liquidation option for the brands. With, in particular to Children's Place, we're aware of what's going on. We're in communication with them. I refer you to page 8 of the supplement. They are not in our top 25. And as Steve said earlier, in this supply-constrained environment, we feel that if we get space back, that there could be upside on those rents when we have the opportunity to re-lease.

**Michael Bilerman**
And then, Naishal, just from a watchlist perspective, it remains at low levels. And so, overall, I think it's a natural thing to deal with, and I think we're more encouraged by the new retailers coming in than those going out.

**Naishal Shah**
Great. Yeah, that's helpful. Say Children's Place were to liquidate all of their stores. Would you be able to provide an estimate on how large the hit to occupancy would be?

**Michael Bilerman**
From an occupancy perspective, because we have our temp business, which is a strategy, and we're all going to temp or even perm if that is an option that they go through. So, that is from just an operating intensity business, these are small stores. Our average tenant size across 15.5 million square feet is 5,000 square feet. We have 3,000 stores in the portfolio.

So it's not a concern, and we would call out if there was any occupancy impact, just like we did with Saks last quarter, and now that we're one quarter later from that, three of the five stores we bought are currently temp, two that are being held for turnover to potential new tenants. So, that's sort of how it all comes together in our leasing strategy.

**Naishal Shah**
Great. Thank you.

**Operator**
Our next question will come from Omotayo Okusanya with Deutsche Bank.

**Omotayo Okusanya**
Hi. Yes, good morning, everyone, and congrats on the quarter. I wanted to talk a little bit about, over the next two years or so, about 40% of the ABR is going to be renewing, and you guys have been generating pretty decent leasing spreads so far. How do we kind of think about current rents on that space and what potential markups could be today, just kind of given where our market rents are?

**Stephen Yalof**
Yeah, I think I'll go back to the supply-constrained environment that we're in and take a look at our current run rates and our spreads, and we're optimistic that there's still room to continue to grow. I think our pipeline is full with brands that want to be in our centers, new brands as well as existing brands that are performing really well. So, we feel that we're going to continue to mark our space to market and continue to grow our spreads, and ultimately continue to grow our NOI.

**Omotayo Okusanya**
Okay. And then also, Michael, the $300 million of unsecured coming due next year, is the idea just to refi it, or are there kind of other plans?

**Michael Bilerman**
Yeah, no, we will refi it. Obviously, it's not a liquidity thing because we have enough liquidity now to take care of all of our debt that's coming due in the next three years. And so, we'll look at a range of options for the best execution. I mentioned we're going to pull the Kansas City mortgage and pay that off this December. We'll just put that on the line, netting out some of the restricted cash that's held against that loan. That $300 million is the only piece of debt for the next three years outside of a small JV mortgage, and that total debt is only 7% of our enterprise value. And if you think about just the recurring cash flow that we generate, we feel we're in a really good spot over the next three years where our organic growth combined with that leverage capacity to fuel our earnings and dividend growth.

Those bonds do carry just under a 4% rate, and so depending on the timing of refinancing those bonds, there could be a range of outcomes. Coming out of the third quarter, we've given you interest expense guidance, so you sort of know where the starting point is in the fourth quarter from an interest expense perspective. And I'd just called out, we did use the $200 million of cash and short-term investments that was sitting on our balance sheet at 6/30. All of that interest income will go away in the fourth quarter, and we'll go back to our historical other income being negative $1 million to positive $1 million on an annual basis. So, just to give some pieces to it.

**Omotayo Okusanya**
Thank you.

**Operator**
Our next question will come from Todd Thomas with KeyBanc.

**Todd Thomas**
Yeah. Hi, thanks. Good morning. I just wanted to go back to some of the commentary around the sales environment and tenant sales productivity. Could percentage rent in the fourth quarter be outsized in this environment versus prior years? Following up on Tayo's question, should we expect leasing spreads to expand a bit further in 2027 and maybe 2028 as you capture some of the stronger retail sales experienced over the last few years?

**Michael Bilerman**
Sure. Todd, I'll take the first half, and then Steve will pick up on the second part. From a percentage rent perspective, one of the key things that we do is when we renew a lease, we're able to sweep some of that excess percentage rent that the tenant has received into base rent, and then we reset the break point. So, while sales have increased, you've seen the percentage rents come down because of that, not necessarily a reflection of the sales environment.

The second part is just from a percentage rent perspective, 40% of our percentage rents are typically earned in the fourth quarter. So there are a range of outcomes depending on if a tenant reaches that break point or not. It's part of the range, it's one of the variables, because it's an unknown until the sales are produced. But we feel positive about the holiday season, and that's a contributor overall to our NOI for the full year of about 4%.

**Stephen Yalof**
And, Todd, as we look ahead from a spreads point of view, I think that our business is such that our lease terms are typically 7 to 10 years, so we get a frequent opportunity to reprice our real estate market to market. And if you look at our track record, we're -- we've continued to grow positively our rent spreads. And I think as the market maintains this constrained environment that we're currently in, there's not a lot of new development even planned, and brands are seeking places to grow, retailer open-to-buys seem to maintain their robust profile. We're looking at a number of deals for each space that becomes available across our portfolio, and we have to make really smart merchandising decisions.

We think that there's a great opportunity for us to continue to mark our spaces to market, going out into '27 where I mentioned earlier that we're quite far along on our renewals for '27 already. We're also -- we're starting to talk about deals for '28 because there's retailers that are looking that far ahead, making plans to come into some of these shopping centers. So I think we're optimistic about our ability to continue to push our pricing.

**Michael Bilerman**
And, Todd, just from a spreads perspective, spreads are only one part of the equation. When you look at our total leasing activity, we do have a substantial amount of non-comp re-tenanting and re-merchandising. And so, when you think about our revenue growth, it's combined with the renewals, the comp re-tenanting, and then the non-comp space all coming in to produce healthy NOI growth.

**Todd Thomas**
Okay, that's helpful. I guess, presumably, there's a lag, though, between the stronger tenant sales and your ability to capture that in sweeping into the rent as leases roll. I guess, the base rent contribution to same-store NOI, that increased this quarter. It was 2.9%, up from 1.3% last quarter. As you look into '27, should we assume the base rent contribution continues to improve, just given the leasing and sort of backfill activity and the contribution that you're expecting there as we think ahead to '27?

**Michael Bilerman**
Sure, Todd. It is not just base minimum rent growth because of the way -- depending on how we lease the space to the tenant, what you see is we're trying to drive total rent, right? The total dollars that a tenant is paying us, some of that shows up in base minimum, and then you have seen us really push fixed CAM and the expense reimbursement side, and that's been growing. It is really the combination of those two with that tail of upside from percentage rents.

And so that's -- it's total rent growth, not just base minimum growth. And then we're operating, from an expense perspective, we're trying to operate as efficient as possible, and so constantly looking at opportunities to be efficient from an operating perspective and looking at contracts and things like that to be able to continue to drive our NOI margin.

**Todd Thomas**
Okay. All right. Thank you.

**Stephen Yalof**
Thanks, Todd.

**Operator**
Our next question will come from Floris van Dijkum with Ladenburg Thalmann.

**Floris Van Dijkum**
Hey, guys. Thanks. Can you hear me?

**Stephen Yalof**
Yep. Good morning, Floris.

**Floris Van Dijkum**
Hey, morning, still getting used to this technology. My first question is on ancillary revenues. I'm looking at your Legends signage on my screen here. Can you talk a little bit? You indicated, I think, that ancillary revenue growth was pretty strong, and certainly, you guys have been focusing on that. Can you talk a little bit about what is happening there? What's driving the growth and how much more can you push that part of the business?

**Michael Bilerman**
Sure. I mean, when you think about having 42 assets and new assets that are brought to the equation, that other revenue stream is an added benefit. Look, taken together, it's almost like an asset itself, but it's a key piece of that additional revenue that we feel that we can generate at these operating-intensive, high-traffic centers. And I remember you were at Kansas City with us, and you saw the old signage that was all faded and wasn't being monetized.

And so, not only are we driving this business on our existing asset base as we continue to work with, it's also being impacted on the deals that we buy on the new acquisitions and being able to layer this expertise in selling our assets as marketing mediums, putting in value add and return-generating utilities, like EV charging, where we can get pad rent for putting some of our parking spaces to EV charging, and a lot of other different sponsorships and other activities that just helps us drive additional revenues.

**Floris Van Dijkum**
And my second question, maybe acquisition environment, the competition, obviously, we saw that Federal bought The Summit in Birmingham, validating maybe your asset in Alabama as well. Then Simon bought a big lifestyle center recently in Seattle. Are you running into these kinds of people when you're looking at buying some of those lifestyle centers, or are you fishing in a different ponds and are not competing with the larger public REITs?

**Michael Bilerman**
So, we look at everything, Floris. We wouldn't be doing our job if we didn't. And so, we developed a number of years ago a complete target list to be able to go after assets, and sometimes, we're successful at getting these off market, and sometimes they get brought to market. Definitely appreciate the compliment on Huntsville, which, if you remember, we went in, probably had an 8.5 yield, and that has moved up pretty significantly as you think about the leasing that Steve talked about in the opening comments. We think that that's significant value creation and a justification of the type of assets and operating platform that we have.

**Floris Van Dijkum**
Thanks, Michael.

**Operator**
As there are no more questions, this concludes today's call. Thank you for joining. You may now disconnect.