

Presenters

Stephen Yalof, President and Chief Executive Officer

Michael Bilerman, Executive Vice President, Chief Financial Officer and Chief Investment Officer

Doug McDonald, Senior Vice President, Treasurer and Investments

Moderator

Juan Sanabria, BMO Capital Markets

Juan Sanabria

Hello, everybody. I'm Juan Sanabria, Senior REIT analyst at BMO Capital Markets. And I am pleased to have Tanger joining us today. Sitting to my left, so in the middle, Stephen Yalof, President and CEO. To his right, my left, Michael Bilerman, Chief Financial Officer and Chief Investment Officer. And all the way to my left is Doug McDonald, SVP, Treasurer and Head of Investments. Stephen, I'll hand it off to you to maybe say a few words to tell the audience who Tanger is and what you're all about.

Stephen Yalof

Thanks, Juan. I think we flipped the coin and Bilerman actually won the toss. So he's going to give us the setup today.

Juan Sanabria

Face off, I believe.

Michael Bilerman

Yes. Face off. Exactly. So we're Tanger. We're a \$4.3 billion equity, \$6.1 billion enterprise value REIT. We own and operate 42 open-air shopping centers across the country, including two up in Canada, that's comprised of 38 outlet centers. Has anyone shopped an outlet before? Okay. Two hands. Everyone loves value. And four open-air lifestyle centers, which we've acquired over the last number of years.

The company is positioned for sustainable growth, and that's really coming after a number of years of positive, both earnings, cash flow, and top line growth. And a lot of that is being driven by three pillars, which is driving our internal growth, continuing to push both our revenues and managing our operating expenses. It's intensifying the real estate that we already own; we have a significant amount of peripheral land around our centers, so being

able to activate that with new uses and new retailers is another component. And the last piece has been external growth. Over the last number of years, we've deployed about \$1 billion into eight new assets, four which were outlets, four which were lifestyle centers, seven that we bought and one that we built.

And all of this is backed by a fortress balance sheet. And so when I talked at the beginning, over \$4 billion of equity, \$1.8 billion of net debt, we're running at 4.7 times debt to EBITDA, which is the lowest level in our 42-year history as well as the lowest in our sector. And that capacity provides not only security against volatility, but it provides significant opportunity to deploy capital.

And most recently, we announced a \$60 million acquisition last week at a very attractive 8.5% going-in yield. And we're positioned for future growth, not only from that balance sheet capacity but as a REIT, we do pay a dividend. Our dividend today is at \$1.25, which has seen very strong growth over the last number of years, but our payout ratio is only at 55%. So when you look at other REITs, the sector is running at about 75% to 80% dividend over free cash flow. And so, not only do we have the underleveraged capacity, but we are retaining more of the free cash flow that we generate to be able to reinvest in our business and drive additional growth. With that, Juan, we're happy to take questions.

Questions And Answers

Juan Sanabria

Thanks, Michael. If there's a question from the audience as we go, just raise your hand. I guess, just generally speaking, how is the business performing with the question marks, again, on the consumer with higher gas prices? And I guess, where does Tanger try to meet the customer to deliver what they're seeing out in value, et cetera, if you could just comment on that?

Stephen Yalof

Sure. Well, first of all, the retail business seems to be extraordinarily resilient, especially in 2026. We entered the year thinking that we're going to have a number of really significant tailwinds. U.S. travel was anticipated to be far more domestic this year. At the beginning of the year, as we all recall, there was the crisis in the Caribbean. And there were some issues with folks that were traveling to Mexico, had thought that this was going to be a year where we're going to see a lot more domestic tourism coming to our shopping centers, and that one seems to be proving out. The higher gas prices obviously sort of counter to that

domestic travel, but what we're finding is, particularly in the outlet sector, the customers are investing in the trip. And I think where folks would look at outlet centers, if we're going back 15, 20 years, that those are really destination properties that required a real thoughtful visit.

Now I think what we've seen, particularly post-COVID, is that a lot of the geographies where these shopping centers were built, and they were built at a time where they were purposely built far away from the regional malls, far away from the other cities. And now as we see most folks, this demographic shift of population where people are moving closer and closer to those geographies, our centers have become sort of the regional mall of the geographies in which they sit, places like Myrtle Beach and Hilton Head; Savannah, Georgia; Charleston, South Carolina; so markets like that. We've engaged in adding a host of new retailers and brands and uses into those centers, which have really activated them, not only for that tourist that's coming to shop us, but really for that local consumer that's looking for a more diverse experience when they come to the centers themselves.

Juan Sanabria

So is leasing demand, you guys just came off of ICSC. Is that diminished at all? Or is there more leases sitting in committee? Or how is the forward pipeline of opportunities?

Stephen Yalof

Yes. No. I think there's a tremendous amount of opportunity, and a couple of drivers of that opportunity, first of which is the lack of new shopping center development that's happening in the country right now. That curve has sort of flattened out substantially, and with the exception of a few markets, there's really not a lot of new development.

I think the economics of acquisition are far more supported than the economics of new development. In fact, we built a center about four years ago in Nashville, Tennessee, that was about \$400 a square foot to build a new center, plus now you have to lease 300,000 square feet from a zero base when you can buy a new center at \$200 a square foot, which is something like 20 -- 40% to 50% of the replacement value, we're finding the economics of acquiring are far better than the economics of developing today.

So that seems to be one of those big demand drivers, coupled with the shifting population, coupled with a consolidated department store business. I mean we all saw the Saks OFF 5THs, which were big drivers to a lot of the geographies where we have shopping centers, and now retailers are looking for a place to get their product in front of the consumer. So that's caused a big shift of retailers that were principally East Coast, West Coast-based, now

looking at places like Cleveland, Ohio, where we just signed a deal with Aritzia, a fashion retailer that we've seen pop up all over New York and L.A., is now looking for mid-tier markets such as where our shopping centers reside, and so, we're getting a look at much better-quality retailers coming into our business right now.

Juan Sanabria

And for the tenant health, how is that at this point? I know you -- there were some closures, you mentioned Saks. So just curious on how that's impacting the business and the ability to backfill space.

Stephen Yalof

First of all, I think the watchlist, we have a pretty -- pay very close attention to retailers. It starts with, if I'm walking a center today and I see no inventory in a store, I'm picking up the phone and calling these guys and saying, "Hi, are they paying their bills?" So we're pretty active and proactive. We're out -- we're looking at what's going on. I think our watchlist right now is a little smallest it's been. The three tenants that just came off the watchlist are those that just filed for recent bankruptcies: Francesca, which has about 2,000-square-foot store. Eddie Bauer, which is probably a 4,000 square foot store, and then the Saks OFF 5TH stores, which we can talk about in greater detail. But again, in a high demand, where retailers are looking for stores to get back product of 2,000 or 4,000 square feet, we're having far less trouble re-leasing that space than we might have in an environment where there was a lot of new shopping centers being developed and popping up.

Juan Sanabria

And how should we think about that impact for Saks and the closures relative to kind of your first quarter same-store NOI trend, and how that should trend through the cadence through the balance of the year?

Stephen Yalof

Yes. That was a pretty complex deal for us. Doug was actually on the front end of that. You want to sort of take the group through the Saks OFF 5TH transaction.

Doug McDonald

Sure. From an NOI and occupancy standpoint, we typically peak in the fourth quarter, trough in the first quarter, build back up throughout the year. There could be a little bit slower ramp throughout the summer this year as we work through some of those backfills

on the larger boxes, but we look at the NOI coming out the back-end as a considerable improvement versus where we were previously with those stores.

Stephen Yalof

Yes. Let me just sort of add a little bit more color. I mean, the Saks OFF 5TH that we had in our portfolio, there was a lot of opportunity in those boxes. Again, you go back to a supply-constrained environment and now 25,000 square foot of Saks OFF 5TH is -- that's an anchor in an outlet center. It's not like a 250,000 square foot anchor department store. Our average store size is about 5,000 square feet. Those old anchor boxes that were built at a time where we were building new centers, 15 or 20 years ago, they encumbered a lot of space. They had a lot of lease rights. They paid very little rent. So with the -- aside from the fact that there's great mark-to-market on that space, the lease terms that came with an anchor box, just the ability to free that up, whether it's years and years of options or no-build zones or exclusive provisions. To get rid of those provisions is really part of -- it's really a big win. The mark-to-market is what Doug is talking about, and that's where there's going to be a lot of that NOI upside in the future for us, for sure.

Juan Sanabria

Is there any sort of range of mark-to-markets that you can provide on what you'd expect as you release that space?

Doug McDonald

Basically, backfilling in the short term with temp tenants can replace the existing rent that we were getting. And we've talked about, oftentimes with temp, we can go 2 times to 4 times the rent that they're paying when we put a permanent in there. I wouldn't expect this situation to be much different from that.

Stephen Yalof

Yes. The Saks boxes were in our best centers. And our best centers are the ones that carry the highest occupancy. They're the ones with the most retailer demand. Now, it could take some time to backfill some boxes because we have to make some smart choices who we want to put in. There's some work that we have to do in order to create them and make them ready for the next retailer to come in. But if you're playing a long game, those are great boxes to invest in.

Michael Bilerman

Then, from a Same Center NOI perspective, the first quarter had no impact from what we're talking about. For those -- I mean it snowed everywhere in the U.S. in the first quarter. So we talked about in the first quarter call how our operating expenses are variable and most of our rent is fixed and growing. And so, we were -- we had higher snow removal costs in the first quarter, which dampened Same Center NOI as our expense growth was 4% year-over-year. We would not expect that expense growth to end up in that space, which is why we reiterated our guidance despite these headwinds from bankruptcy that always happen and are largely offset, as Doug talked about, our temp program. These anchor boxes also sit, and those that have walked our assets, these are not separate anchor boxes that are sitting. They're literally in the lease line so we have a tremendous amount of opportunity to backfill those, very different than a lot of the store closures that you find in big box retail, where it takes a lot of time it takes a lot of capital, and you are very limited in being able to cut up the box because they tend to be small from the front with very large backs, where we have significant amount of frontage and the same bay depth as all of our in-line space that's on average 5,000 square feet.

Juan Sanabria

And I guess how should we think about leasing spreads going forward? Your occupancy costs are below 10% so just curious on what you think that long-term opportunity is? And has that ceiling at all changed as you've introduced more food, beverage, and entertainment to increase the dwell times that at your centers?

Michael Bilerman

So we think about internal growth and our ability to drive NOI. And from a revenue perspective, we are currently at a health ratio rent over the tenant sales of 9.7%. We feel that we can push that into the double digits. So, assuming everything stays the same, and we don't touch anything on our retailers, we feel that there's growth there. However, a big part of our strategy has been remerchandising and effectively eliminating the poor performers, which some of it's our choice, some of it's the retailers' performance and replacing them with tenants that can do much higher productivity.

So when you look at our portfolio, pre-COVID, we were \$385 a foot. Today we're \$485 a foot. So even if OCR remains the same, at 9.7%, we are going to be able to grow NOI as we bring more productive retailers in and see those other exit. And a big part of driving that incremental is the food, beverage, and entertainment tenants, is continued growth of our apparel, accessories, footwear, bringing in health, beauty, bookstores, the expanding

amount of tenants and brands that are coming to our portfolio, driven by the significant population growth in our markets which have grown 2x the national average. And when you look at the 10-mile ring around our assets, that growth in terms of population has been one and a quarter of what the MSA is. So when you think about that, our assets over the last 15 years have had 2 times the amount of population growth than the U.S. overall and where our centers are, have seen 25% greater than the MSA, which effectively says these centers were built in the path of demand, and that growth and demand has come, which is allowing us to really drive that leasing.

So we feel we have two levers being able to drive OCR and drive productivity and then continue to drive a lot of the other revenues at our centers. Right now, about 4% of our NOI is percentage rent, and as sales move up, we're able to get more on that as we share in our tenant success. The second part is a lot of the other revenues that we're able to drive at our centers by leveraging our assets as marketing mediums to be able to then make money outside the lease line as well as drive incremental traffic, and if we drive incremental traffic, sales follow.

Juan Sanabria

And how big is that opportunity in the marketing medium and just taking advantage of the foot traffic and the -- all the eyeballs you guys are generating in the dwell times?

Michael Bilerman

It's pretty unique being a real estate company that's consumer-focused that has their own app. Most real estate companies are going to go pay your bills, but we have a loyalty program and we have a text messaging program. And so, being able to connect with the customer where we don't sell any product, but we're selling everybody's favorite brands at unbeatable values every day within our outlet channel. And so, a lot of those other mediums, from a marketing perspective, not only through our loyalty, but when you come to our center, there's a lot of signage.

And we talked a little bit about the Saks situation. They had free signage also in these deals. So being able to recapture that space on a sign, not only the mark-to-market that we're getting on the space, but that allows us to generate additional income. When a new store opens in our portfolio, the retailer can buy into all the programs that we offer, whether it's vinyl signage on the, what is it called? The pole, the cards, the sign, the sign tents? I'm still learning. That gets sold, being able to tap into our marketing and offering that. So all of that comes with additional revenue. Some of it requires investment, but we get a very high return

on that investment relative to the real estate side. And right now we're about \$0.5 million on average per asset that's been growing at a double-digit rate. Other revenues only make up 4% of our total NOI, but it's an added source of growth.

Juan Sanabria

And just going back to the consumer. You guys have made a concerted effort on the food and beverage side. How are those restaurants performing? And is their OCR different than the average? How should we think about that opportunity?

Stephen Yalof

The restaurant economics, aside from perhaps a little bit more capital investment on our side, the economics themselves are not dissimilar to typical rents that we're getting from tenants, particularly in the outlet space. But I think there's a tremendous amount of customer demand for that use, particularly in our centers. I talked earlier about a lot of our shopping centers that had historically shopped exclusively touristically now shop a lot more locally. And I think that the restaurants themselves are doing a great job of driving that local consumer to our centers.

It's really about customer visits. The shopping center business is all about the ability to drive customer visits because customer visits creates the flywheel that everything spins off of. Sales performance, the better your center sales performance, the more retailers are paying attention and want to come in. The sales performance also is the main component upon which our market or asking rents are derived. So there's a lot of things that happen from that customer visit.

So if you can figure out ways to get more cars in your parking lot, get them to stay there longer when they're there, get them to shop more frequently, and if you take a look at our Net Promoter Score, how likely is the consumer to say to a friend, hey, this is a great place to come and shop. Our Net Promoter Scores are close to the highest in the industry right now. It's because we're creating something special with that variety, the use variety, and I think the restaurants have a lot to do with it.

A lot of people who raised their hand earlier that said that they had shopped in outlet probably don't remember a great food experience in the outlets. When the outlet centers were 40 or 50 miles away in a large -- a fairly big drive, it would be so heavily weekend shopped that the restaurants couldn't really sustain that business. So that local customer is

so critically important to increasing the quality of the -- not only the retailers, but also the quality of the restaurants that we bring into the centers.

Juan Sanabria

Maybe if we could switch up the conversation a bit just on the investment side. Maybe if you could tell us a little bit about the asset you acquired in Toledo, Levis Commons, and the history behind that deal and kind of where it fits into the overall portfolio.

Michael Bilerman

Sure. So as I mentioned in the opening, we've brought on eight additional assets into the portfolio over the last three years, four outlets and four lifestyle centers. The most two recent transactions was we bought an outlet in Kansas City in the fourth quarter, the Legends Outlets, and that has seen already a significant amount of growth from our leasing, operating, and marketing platforms, and then announced last week, the acquisition of Town Center Levis Commons in Toledo, Ohio.

The asset sits in the wealthier suburb of Perrysburg just south of the main part of the city. This is where families, professionals, live, shop, work, and play. The center was developed about 20 years ago in a market that has seen some consolidation from the mall as well as another open-air center that was built after this one that tried to compete and wasn't able to. So when we look at it and the momentum that the asset has had most recently bringing in Shake Shack, Lulu, J.Crew, Sephora, we feel that our ability to come in and continue to elevate that merchandising mix, to drive further NOI based off of our national leasing team combined with our ability to operate the center under our national contracts, and then being able to really lean in from a marketing perspective to really elevate that customer experience.

It sits within a 400-acre mixed-use district, which has Class A apartments, hotels, headquarters of office and so is the place to be. And with our portfolio, we can operate single assets in a lot of markets because we have boots on the ground at every one of our assets, supported by this national platform that's able to drive a lot of growth. And very similar to our acquisition in Little Rock, Arkansas, the Promenade at Chenal aesthetically and drivers, Levis fits very well to that strategy.

Juan Sanabria

So is there a significant mark-to-market on the leases or densification opportunity or outparcels that you could harvest over time?

Stephen Yalof

In this particular asset, yes, absolutely. I think when we take a look at this asset and even though we bought it at a pretty substantial yield, 8.5%, when we look at an asset for us, what -- we'll pick up the phone and call a number of our friendly retailer partners. And number one, the most important thing is if somebody was there and left, I want to know why because that's a red flag to me. But more importantly, if there's a number of retailers that aren't there that never have been, I mean, the asset has been around for quite some time, what is it that's keeping them from coming into this marketplace? So we get a lot of really good intelligence from the retailers that we do business with every day. When they raise their hand and say, "Well, sometimes it was just the operations themselves." There's -- we bought a number of these assets from one-off operators. We have great scale. We will go into a shopping center, not only will we be able to bolt on our operational model, which allow us to save a couple of hundred basis points in expense right there. But that leasing team that we've developed of 15 to 20 leasing representatives that are speaking to the retailers on a regular basis, you pick up the phone and say "Hey this is something that we're considering buying." They're saying, well, that's definitely on my open to buy, maybe we'll give it a higher priority if that's something that you'll invest in because they understand the quality of the asset that they're going to get when Tanger's operating that asset.

Juan Sanabria

And Michael, maybe you could talk a little bit more about the broader investment market and opportunity set and kind of coming out of ICSC, lot more interest in retail and competition. So just curious on yields or cap returns.

Michael Bilerman

Yes. I mean, retail is doing well right now, and Steve talked about the dearth of supply, which is not just a new phenomenon this year. You go back pretty much to the GFC in 2008, where construction starts fell from call it, 1.5% to 2% of stock down to 40 basis points. We've been at that level for 18 years. So there's nothing being developed, and we've gone through a number of cycles. The demand for bricks and mortar by the retailers is significant. We get the other benefit from a consolidating department store industry where those brands need a place to connect with their direct-to-consumer. And so, we've seen that tailwind combined with all the population growth in our markets. From an external perspective, retail, there is definitely more product being brought to market. There's also more competition as capital is seeking where they have historically been underweight in retail, now you've seen a lot of competition.

We feel, given our unique strategy of both playing in outlets where it's a heavily consolidated industry, but being able to pick up outlets and bring them into our portfolio and drive a lot of growth is one avenue. The other avenue has been expanding our platform into open-air lifestyle centers. And the addressable market of lifestyle centers in the country is vast.

And at our size, we're \$6.2 billion, doing a \$60 million deal, 1% of our assets at an 8.5% relative to how we financed it, we think is good business. And we're going to lean into where we can really find the value opportunities. And we don't look at -- we know we can't control our stock price. We know we can't control our dividend yield. The only thing we can control is our capital allocation decisions and how we market and how we operate. So we don't look at the market sending us a signal that it's time to grow or not grow because no one controls the market. The market is not one person, and to hone in on just external growth as green light, red light, it's not the way we think about it. We talked at the beginning how our balance sheet is really well positioned. If we find an attractive opportunity, we should be able to capitalize it in different sources. We shouldn't be more aggressive because the market is pricing our security at an attractive level because we want to own these assets forever. And that's the decisions, the lens that we look at when we're making an acquisition, and we're hopeful we'll continue to find transactions.

Juan Sanabria

Is there any questions from the audience?

Unidentified Participant

Follow-up, what's your current your target leverage today (inaudible)?

Michael Bilerman

Thank you, David.

Stephen Yalof

Repeat the question?

Michael Bilerman

So the question was just about balance sheet target leverage and floating rate debt. So right now we're running at, I said, 4.7, 4.8 times. Our target has been 5 to 6, so we have leverage capacity. And then as part of that, because of our free cash flow generation and strong EBITDA growth, we're pretty much generating additional leverage capacity. I mentioned \$100 million. You take that and you lever it. Well, that provides capacity and then EBITDA

growth has been very strong. We've been driving about 5.5% Same Center growth over the last four years, and our G&A has been relatively flat because we built the platform and we're getting all the synergies from it. So that means EBITDA growth has been greater. The EBITDA growth provides that additional leverage capacity.

From a floating-rate debt perspective, today we're 100% hedged. So we have swaps in place on our variable-rate debt on our term loans. And we've built out a laddered swap schedule, very similar, we don't want to have any swaps burning off that are substantial. And so, similar to building a position in the stock, we average, dollar cost average in our swaps. And we already have forward-starting swaps because we're not -- we don't think we get paid to make an interest rate call. So we have to be -- we're trying to maintain that conservative financial profile on the right-hand side of our balance sheet.

Unidentified Participant
(inaudible)

Michael Bilerman

So when you look at our balance sheet today, we completed a number of financing transactions at the beginning of the year. We did a convert and we also did an upsized unsecured term loan, which had a delayed draw feature. Where we sit today is we have -- we're sitting on basically \$270 million of cash, less \$60 million that we just bought Levis for, and \$150 million of delayed-draw term loans. We haven't pre-swapped the \$150 million of delay draws. So when we, if we take that on, we can make the decision whether we want to stay floating or fixed. The deals that Doug and the team did at the beginning of the year reduced our cost of capital so we were able to reduce our spread on SOFR on our unsecured term loans, and we were also able to push out duration.

So from a balance sheet perspective, the only that we have right now is a \$300 million loan coming due July of 2027, we have nothing else until 2030. So we feel we're really well positioned. We're coming off trailing 8% FFO growth the last three years. The midpoint of our guidance this year is 6.3%, the highest in the sector, and we feel we're extraordinarily well positioned, given our financial profile, the business dynamics. Value, everyone loves value. Value never goes out of fashion. So we want to continue to be able to provide strong cash flow and dividend growth.

Juan Sanabria

I think we're at time. Value never goes out of style. Thank you, guys.